

Deaver's Perjury Trial: A Spotlight on Lobbying

Ex-Reagan Assistant Goes to Court Today

By Bill McAllister
Washington Post Staff Writer

Michael K. Deaver, one of President Reagan's closest friends and former advisers, will walk into the federal courthouse here this morning for an appointment he first requested and then fought to avoid: a public inquiry into charges that he broke the law after leaving the White House.

Deaver's trial on five counts of lying to Congress and a grand jury about his lobbying business may lack the klieg lights and cameras of the Iran-contra hearings playing four blocks up the street, but it promises appearances by many of the same figures. Secretary of State George P. Shultz and former national security advisers Robert C. McFarlane and John M. Poindexter are among the likely witnesses.

The case, expected to last four to five weeks, will spin around a quintessential Washington story—a tale of power, money and influence at the highest levels of the Reagan administration.

In an extraordinary court filing last week, independent counsel Whitney North Seymour Jr. said his case will expose the 49-year-old Deaver not to have been "a grand 'strategic planner' for his clients, but an unethical influence-peddler who 'traded on his personal relationships with high government officials and collected large fees for a few ex parte telephone calls and meetings...."

Deaver lied under oath not just to protect his well-placed friends, but in a frantic effort to make a \$15 million profit from the sale of his then-flourishing lobbying firm, Seymour charged in the memorandum.

The former deputy White House chief of staff, who is the first person brought to trial by one of nine independent counsels appointed under a 1978 law, has said he is innocent of all five counts of lying. If convicted, Deaver faces a maximum sentence of 25 years in prison and a \$34,000 fine.

Whatever the outcome of the trial, Deaver and his company, Michael K. Deaver & Associates Inc., have tumbled dramatically in the 14 months since he requested that an independent counsel be appointed to investigate his post-White House business dealings.

Most of his major clients have deserted the firm, which has exchanged its Georgetown office for a town house in Old Town in Alexandria. Deaver—a Bakersfield, Calif.,

native who has been an associate of the Reagans since the president was governor of California—has suggested in a sealed pleading that he may plead that his memory of the events in question was impeded by his abuse of alcohol and prescription drugs.

Those lucky enough to gain one of 100 seats inside U.S. District Court Judge Thomas Penfield Jackson's second-floor courtroom are expected to see two of the country's best-known lawyers square off against one another: Seymour, the patrician, Park Avenue lawyer, and combative Herbert Miller Jr., who gained fame representing former president Richard M. Nixon in his fight to regain control of the Watergate tapes.

At stake is more than Deaver's reputation. If Seymour—a tall, 64-year-old lawyer given to plain-spoken courtroom rhetoric—succeeds in convicting the former Reagan aide, it could strengthen arguments for extending the independent counsel law, enacted during the Carter administration, that has allowed courts to name private attorneys to investigate allegations of crimes involving top government appointees.

The law is due to expire later this year, and the Reagan administration and others have attacked it, saying it tends to create a costly special prosecutor, whose energies become focused on pursuing sometimes trivial charges without being responsible to anyone.

Although a number of prominent officials—among them President Jimmy Carter's chief of staff Hamilton Jordan, Reagan's former labor secretary Raymond J. Donovan and Attorney General Edwin Meese III—have been investigated by court-appointed independent counsels, only two have been convicted as a result of their investigations. The convictions of conservative fund-raiser Carl R. (Spitz) Channell and public relations executive Richard R. Miller came recently after guilty pleas to charges filed by Iran-contra investigator Lawrence E. Walsh.

Seymour's inquiry also has faced difficulties. At the time of his appointment, his investigation centered on allegations that Deaver may have violated federal conflict-of-interest laws by lobbying with senior administration officials within a year of leaving office.

Deaver, however, was not charged with violating the conflict law, but with five counts of perjury and making false state-

ments, leaving Seymour with the more difficult task of proving to a jury that the lobbyist knowingly lied to the House Energy and Commerce oversight subcommittee and to the Washington grand jury that was investigating him.

When Seymour failed in his effort to subpoena Canadian Ambassador Allan Gotlieb and his wife, he appeared to concede in court papers that he will have difficulty proving a portion of one charge: that Deaver lied to the grand jury about his contacts with Gotlieb. "There are no alternative witnesses" to a conversation between the Gotliebs and Deaver that is mentioned in the indictment, Seymour said in the pleading.

Seymour has shunned the media since his appointment May 29, 1986, but he fiercely has defended his inquiry in court papers, contending that the Justice Department unfairly accused him of spending too much money.

The inquiry has cost more than \$500,000, but Seymour said that approximately \$200,000 of that was spent in response to Deaver's "legal maneuvers and his unending discovery demands."

Although Seymour has adopted a low profile, he accused Deaver last week of "launching a public relations counteroffensive" at the same time. That effort included "elaborate denials that he did any 'one-shot,' 'quick fix' lobbying," Seymour said.

"Instead, Deaver falsely portrayed himself as a grand 'strategic planner' who was hired not for his connections to the First Family and the highest levels of the executive branch, but for his ability to engage in big-picture 'strategizing.'"

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The Perilous Rise Of Michael Deaver

His Devotion Led Him
To the White House.
Today He Goes on Trial

First of two parts

By Marjorie Williams
Washington Post Staff Writer

For the record: That wasn't Mike Deaver's limousine on the cover of Time magazine.

The car, in which Deaver chatted into a phone implicitly connected to the Capitol building in the background, was rented for the shot—the perfect setup for the words ultimately superimposed in the foreground: "Who's This Man Calling? Influence Peddling in Washington." As Mike Deaver's brother puts it, "It wasn't even his car, that was the worst part of it. Mike had a Jaguar at the time, and there isn't a wide-angle lens wide enough . . . to shoot a picture in the back seat of a Jaguar."

It does not seem to occur to Bill Deaver or the other defenders who raise this point that Mike Deaver's willingness to reach for the cheese in so obvious a trap might itself be considered a compromising detail. But in raising it, they acknowledge a more elementary truth:

Without doubt, the March 3, 1986, cover of Time is to Deaver as the vicuña coat was to Sherman Adams, as the Monkey Business will be to Gary Hart; the salient detail that will stalk him through time, a shorthand allusion to the destruction of a public man.

In his acquiescence to that photograph lie all of the themes raised by friends, detractors and former associates who try to explain the long rise and free fall of Michael Keith Deaver.

The crime for which the 49-year-old former White House deputy chief of staff goes on trial today is perjury—five counts of it, said to have taken place in testimony before a congressional subcommittee and a grand jury.

Whitney North Seymour Jr., the independent prosecutor whose 10-month investigation led to Deaver's indictment in March, produced no charges that Deaver violated ethics laws governing a former official's lobbying activities, so the trial will not di-

rectly address the offense of which Deaver was originally suspected: peddling to clients the high access he derived from his 19 years of service as Ronald Reagan's closest aide.

Nor will it address Michael Deaver's sin, as the gentle folk of Washington see it. This is the realm in which he has already been tried and found guilty, but has only begun to serve his sentence: for how he used his power while he was in the White House; for his ways of losing friends and making enemies; for weaknesses of character or will or intellect; above all, for misunderstanding the rules of the game. Although you will not hear of it in court, this is the bill of particulars that most animates Washington.

"I think he's had the fastest rise and the fastest fall ever in this town," says former White House political director Ed Rollins. "And I'm sure that Mike Deaver will be an obvious example used to people coming to this town in the future, who will talk in terms of the Deaver Model of how not to do it, or what can happen to you very quickly."

Deaver is described most vehemently as a man who destroyed himself through arrogance and envy; most mildly as an unusually vivid example of the bad things that happen to people who don't return their phone calls; most passionately as an appropriately ambitious son of the middle class who was living out a Reaganite dream of success when he was waylaid by resentful others; and most compassionately as an insecure loner who became a solitary drinker who became a recovering alcoholic, a man who might yet find some measure of personal, if not public, redemption in the calamity he invoked.

But always, he is described as an image maker whose sin was to lose control of his own PR.

The Early Years

Mike Deaver's lawyer, perhaps mindful of his client's unfortunate way with his own image, has bolstered Deaver's resolve against granting interviews for this or any other story. So his brother Bill speaks as something of a surrogate—the next best expert—on the early years.

"Once in a while I read an article that says we were poor, and it irritates me, because I don't think—we never really thought of ourselves as being poor," he says. "We weren't wealthy

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But, you know, we always had three square meals a day."

He is responding, implicitly, to the most obvious theory about Deaver's undoing: that he grew up too hungry to keep his head in an administration staffed by the likes of Texas millionaire James A. Baker III and Wall Streeters Donald T. Regan and William J. Casey.

Says Lyn Nofziger, the former White House political director who is a fellow child of Bakersfield, Calif., and fellow graduate of San Jose State University: "I think that to a certain extent [if] you come out of a small town, and kind of—I hate to refer to my hometown as a hick town, but basically a relatively unsophisticated town—and you wind up at a state school, and you're ambitious and you've got a certain amount of talent, I think that those things all drive you. You know, to go beyond what you started with."

Bill Deaver, who is two years older than his brother Mike, talks sparingly of their childhood in Bakersfield—and in Madeira and Riverdale and Arvin and Mojave, the desert town where his parents finally settled in 1948, when Mike Deaver was 10. Their father Paul Deaver sold Shell Oil products and got transferred every few years until he quit to work with a Shell distributor and buy a Mojave service station. He later sold the station and took a job in the fuel branch at Edwards Air Force Base, 20 miles southeast.

Paul Deaver—who, with his wife Marian, still lives in Mojave—is today a recovering alcoholic. Bill is close-mouthed about what his father's drinking meant to his childhood, at one point acknowledging in response to a question that, yes, it was rough on the kids (a sister, Susan, was born in 1950), but mostly maintaining that it "wasn't that much of a problem" until later years, when Bill and Mike were grown and out of the house.

Mojave is in the high desert, a place you come through—as enough trucks do to make it something of a hub—if you're on your way down Interstate 395 from Reno or Carson City to Los Angeles. "Well, the first time you saw it you'd probably say, 'Jesus, how could anybody live here?'" Bill Deaver says.

Bill now lives in Washington, where he works for his brother's now-struggling public relations firm. But he has spent a good portion of his life in Mojave, where he has worked as a police dispatcher, served as president of the chamber of commerce, and owned and edited a newspaper; and he clearly loves the place, despite his joking observation that "if somebody gets poor in Mojave, they leave for some better

place to be poor in."

Because there was no high school in Mojave until the mid-'60s, Mike Deaver went to high school at the Air Force base, about an hour's ride by school bus. (It is easier to picture the wide-open spaces of the Deavers' childhood when Bill explains that he went to school an hour away in a different direction, to a district that had the longest school bus routes in the country: "It was in Ripley's.") The brothers had jobs every summer during high school, in Mike's case first at a hamburger stand, then for several summers at the printing plant at Edwards. "So we had to get out and hustle a little bit," says Bill Deaver. "But I think that's great."

Mike "pretty much put himself through" college, too: managing his fraternity house during the summer, and playing piano. The Deaver boys had begun their piano training at the age of 5, and Mike, who proved to have perfect pitch, had kept it up. Over the years he would make the piano his occasional livelihood and his chief instrument of social grace.

The only one of the children to graduate from college, Mike majored in political science after flirtations with journalism and with the Episcopal priesthood. He has told reporters that his interest in the Episcopal church—the more conservative, the better—is explained by a search for traditions. "Every time we moved to a different town, they had a different Protestant church," says Bill: first Presbyterian, then the United Brethren, and finally, in Mojave, Congregational.

After his 1960 graduation Deaver worked for a year and a half as an administrative trainee with IBM, and served in the Air Force Reserves, which trained him as a medic. He spent most of his six months' active duty in an office, however—the last two months of it at Hamilton Air Force Base in nearby Marin County, typing autopsy reports on the early casualties of Vietnam.

Nights, he played in San Jose supper clubs for spare cash. The management of a place called the Interlude asked him to drop his last name and play under the name Michael Keith. "The guy he went to work for said, 'Deaver sounds too much like Weaver, which sounds too hillbilly for San Jose, so what's the rest of your name?'" explains Bill.

In 1962, the Santa Clara County Republican Party hired Mike Deaver as executive director—an exalted title for

a job that involved mostly the grunt work of directing volunteers and organizing precincts. He was well liked by the older men he worked for, and three years later the GOP State Central Committee hired him to handle several coast counties in its drive to recapture the state legislature. In that role he came to the attention of William P. Clark, the young Ventura County lawyer who was county chairman, and who introduced him to his life's work.

The Reagan Relationship

Nofziger tells a story about the early years of Deaver's devotion to the Reagans:

While Reagan was governor of California, "They were down in Mexico on some kind of an official function. And Mrs. Reagan had left her purse, forgotten her purse," Nofziger says. "She mentioned it, and Mike went dashing off to get it." In his alacrity, "he didn't see the glass door, and he ran right through the glass door" that stood in the way of his goal.

In Bill's memory of the story, Nancy Reagan had asked for a glass of water.

Deaver's relationship with the Reagans—almost always described as unique in the annals of Ronald Reagan's life—is not only the key to the power he held in Washington, but in some respects the key to the man.

Clark invited Deaver to work on Reagan's transition team in 1966, after Reagan resoundingly defeated Democratic Gov. Edmund G. (Pat) Brown. When Clark became Reagan's cabinet secretary, Deaver became his deputy; later, when Clark moved to executive secretary, Deaver moved with him. In the last two years of the governorship, after Clark left to become a superior court judge, Deaver was one of three senior assistants to the governor reporting to Chief of Staff Edwin Meese III, and held the title "director of administration."

Deaver's role in those years evolved into the one he would carry on to Reagan's campaigns and the White House: the gatekeeper, the detail man, the aide who looked after the personal staff and who without question had Reagan's best interests at heart. As in the White House, Deaver

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administration for a couple of years, building his Rolodex before resigning to capitalize on his time at the White House. He spent 19 years of his life—broken only by a period of four months—working for Ronald Reagan.

Technically, of course, Deaver was self-employed for the six years between the end of Reagan's second term as governor and his 1980 election as president. But the public relations firm in which Deaver was a partner had Ronald Reagan as its chief client.

Deaver and a fellow Reagan aide, Peter D. Hannaford, started Deaver & Hannaford Inc. to take on the lecture and writing opportunities that were flooding Reagan's way. "When Reagan left the governorship, it was expected—not known, but expected—that he would seek the [presidential] nomination in 1976," recalls political consultant Jim Lake, a good friend of Deaver's. "Circumstances dictated that in order to preserve the option to work for Reagan . . . somebody had to do some work."

Over the years, Deaver & Hannaford grew into a moderately flourishing firm with offices in four cities and clients as diverse as Rockwell International, the 3M Corp., Eugene McCarthy, the California Trucking Association and the Taiwanese government (an account that would stir controversy in 1980, when reporters questioned the propriety of Hannaford's double role as a Reagan speech writer and a representative of a country that inspired one of Reagan's most idiosyncratic foreign policy views).

Working for Reagan meant working in Los Angeles and a wearing week-end commute back to Sacramento, where Carolyn was coping alone with two small children. While Hannaford wrote columns for Reagan and helped with the radio speeches that were syndicated nationwide, Deaver traveled with the sometime-candidate and did the political liaison work. Hannaford, who had run a public relations firm in San Francisco before joining the Reagan state house, is widely described as the one more involved in the business aspects of building the firm.

The only break in Deaver's service to Reagan came in 1979, when he ceded a power struggle to campaign manager John P. Sears, an eastern lawyer who had been hired for the 1976 campaign on Deaver's recommendation. Several of Reagan's long-time California supporters, including Nofziger, had already been squeezed out; that November, in an emotional meeting at Reagan's home, Sears,

Deaver, the Reagans and then-Sears aides Charles Black and Jim Lake faced off over the conflict that had been boiling for months: either Sears or Deaver would have to go. Reagan was distressed at being forced to choose, and Deaver as always moved to lighten his load: He resigned from the campaign, saying, according to Lake, "You don't have to make a choice. I'll make the choice."

Although Deaver returned to the campaign several months later—after Reagan fired Sears on the day of his victory in the New Hampshire primary—most who know Deaver call this episode a crucial one in his career.

Some believe that a taste of life without Deaver increased Reagan's dependence on him: In later years, when Deaver struggled with his divided impulses—to go or to stay?—the Reagans were adamant about keeping him as long as they could.

Others say that the incident spurred that struggle: "He wouldn't say it often, but every once in a while he would admit he couldn't believe that he was the one who had to be sacrificed, and that both the president and Mrs. Reagan had let him down," says a former colleague.

"It was a rough period for Mike," says Rollins. "It made him probably a little more cynical in the sense of, 'Nobody's irreplaceable to the Reagans.'"

After the 1980 victory, Deaver was genuinely torn about whether to come to Washington and join the administration. The phrase "licking and screaming" is often used to describe his surrender.

"He did not go back there planning to be a permanent fixture," says his former secretary, Shirley Moore.

And for a time, at least, Mike Deaver kept an outsider's wry perspective on the city that would seduce him. He has told several people the story of how, riding in a limousine along Pennsylvania Avenue shortly after Reagan's inauguration, he spotted former Carter press secretary Jody Powell trudging along the street in sudden anonymity. As he related it to Reagan biographer and Washington Post reporter Lou Cannon, Mike Deaver said to himself, "Remember that picture, Deaver."

The story, often retold as a yardstick of how much Deaver changed, has the ambiguity common to all good stories: Some describe it as the lesson that Deaver forgot; others, as the warning he learned too well.

Tomorrow: The Washington transformation.

declined to get deeply involved in the making of policy. In an administration largely staffed by neophytes, "Mike fit in well," says political consultant Sal Russo, who was a self-described gofer in the first term; Deaver was "basically conservative, not deeply ideological."

In those years Deaver also earned the trust of Nancy Reagan. By some accounts, it was Deaver's 1968 marriage to Carolyn Judy that sealed the relationship. Carolyn, whom he met when she was working as a secretary in the governor's office, was a Junior Leaguer who worked with Mrs. Reagan on a state arts council, according to Russo.

"Marriage with Carolyn made everything change in terms of his relationships in the office," Russo says. "Mrs. Reagan and Carolyn [were] very, very close, almost a mother-daughter thing. So when she and Mike got married, that's basically what put Deaver in like Flynn with the Reagans."

Russo allows that, yes, Deaver seemed ambitious in those years with the governor; "but I didn't consider him one of these guys with the blood on his lips. I never felt he was unscrupulously ambitious. I thought he was just a hard-working, wanting-to-get-ahead kind of guy."

The Crucial Episode

Whatever else can be said about Deaver, he cannot be described as a man who dropped in to work for an

Deaver juror selection begins

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By LEE BYRD

The Associated Press

WASHINGTON — Jury selection began yesterday in the perjury trial of Michael Deaver, President Reagan's former aide and long-time confidant.

A five-count indictment, returned March 18, accused Deaver of lying to Congress and a grand jury about whether he traded on his White House connections to build a multimillion-dollar lobbying business, which since has turned to shambles. Deaver resigned as Reagan's deputy chief of staff in 1983.

Deaver, who entered and left the courtroom without comment, has said previously he is confident he will be acquitted of the perjury charges: "I had no reason to lie because I had done nothing wrong."

He said independent counsel Whitney North Seymour "was appointed to investigate allegations that I had violated the conflict-of-interest laws. The indictment that was returned, which con-

tained not a single conflict-of-interest charge, confirms that these allegations were groundless."

But Seymour, in papers filed last week, said, "The proof at trial will show that all the surrounding facts suggested Deaver engaged in numerous potential violations" of the post-Watergate Ethics in Government Act.

'Basic motive'

Seymour served notice he intends to present evidence that Deaver had the "most basic of motives to commit perjury," namely that "truthful answers ... would potentially have incriminated him," as well as imperiled his lucrative contracts with big corporations and several foreign governments.

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Seymour Assailed, Jury Secrecy Protested as Deaver Trial Opens

By Bill McAllister
Washington Post Staff Writer

The perjury trial of former White House deputy chief of staff Michael K. Deaver opened yesterday amid renewed acrimony between lawyers and secrecy over the jury selection.

Lawyers for the longtime confidant to the president renewed their bitter attacks on independent counsel Whitney North Seymour Jr., accusing him of "attempting to reap the benefits of smearing" their client by seeking to introduce evidence that Deaver may have violated ethics law provisions even though he is not charged with such violations in the five-count indictment.

But neither that charge, made in a memorandum by Deaver's defense team, nor much of yesterday's jury selection occurred in the courtroom.

Even though U.S. District Court

Judge Thomas Penfield Jackson announced to the jury panel he could not ensure them as much privacy as he promised, he nonetheless began individual questioning of prospective jurors in a jury room, away from courtroom No. 2, where Deaver is to be tried. At day's end he had interrogated 15 prospective jurors about their answers to a questionnaire, but it was not clear how many might be seated for a trial that he said would last three to five weeks.

The move to conduct the jury selections in secret brought protests from at least two news organizations, The Washington Post and CBS News. Lawyers for both organizations as well as other news groups were expected to appear in court this morning to formally challenge the jury selection process.

Late yesterday after the protest by the news organizations' lawyers, the court made public the 12-page questionnaire given to the prospec-

tive jurors. Among the questions the jurors were asked were three dealing with alcoholism and drug addiction.

Deaver has said in a sealed court pleading that he may plead that his judgment during the time of the alleged offense was impaired by alcoholism and abuse of prescription drugs.

The jurors were asked if they had any "personal opinion" about alcoholism and whether any relatives or friends were addicted to drugs.

They were also asked whether they had any opinions about the Reagan administration "in general" or had any friends who worked in public relations or lobbying, the field in which Deaver now works.

Deaver is accused of lying to a House Energy and Commerce subcommittee and a federal grand jury about contacts with several top Reagan administration officials after he left the White House and established his lobbying firm.

Seymour, in an unusual filing last week, charged that Deaver lied in a frantic effort to save his company and to avoid being embarrassed as an ineffectual lobbyist who did little for his clients.

Yesterday, in a 15-page memorandum, Deaver's lawyers fired back at those charges. Randall J. Turk, one of Deaver's lawyers, accused Seymour of attempting to portray Deaver as "an 'access peddler' rather than a 'strategic planner'."

"Such an attempt to turn the trial into a referendum on whether Mr. Deaver was an 'access peddler' or a 'strategic planner' would be highly improper," Turk said. He noted that Seymour, appointed by a court to investigate Deaver's post-White House dealings, was initially given a mandate to investigate Deaver for ethics law violations but had "failed to obtain" an indictment on those charges.

Turk pleaded with Jackson not to

allow Seymour "to turn this perjury prosecution into a vehicle for once again trotting out prejudicial allegations of unlawful activity that he cannot prove and for which Mr. Deaver is not on trial."

A hint of drama occurred when Jackson disclosed that President Reagan and his wife, Nancy, were on the list of 216 potential witnesses for the trial. However, White House spokesman Marlin Fitzwater said later in the day that the Reagans did not expect to be called to testify.

As expected, the prospective witness list read like a Who's Who in the Reagan administration, including Secretary of State George P. Shultz, Defense Secretary Caspar W. Weinberger, Transportation Secretary Elizabeth Hanford Dole, Treasury Secretary James A. Baker III, former national security advisers Robert C. McFarlane and John M. Poindexter and Attorney General Edwin Meese III.

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Deaver And the Washington Seduction

The Power, the Parties, the Access
—And the Return to Private Life

Second of two parts

By Marjorie Williams
Washington Post Staff Writer

Shirley Moore, who spent two years in Washington as Mike Deaver's secretary before returning to California, speaks with the perspective of a continent's distance. Of course the former deputy chief of staff changed in the White House, she says. "It would be very hard for anybody in the world to work there and not change.

"It's like a magic house—or a magic hole," she says. "It's like walking into a time capsule or a vacuum or a different country."

In 1981, as the national press corps began to sort out the new administration, Deaver was identified as "the keeper of the body," the ultimate loyal aide—"a glorified servant to the Reagans, with some doubt attending the adjective," as Lawrence I. Barrett, a Time magazine political correspondent, parodied the descriptions in his book on the early Reagan White House.

Without greatly changing Deaver's role of 15 years, Reagan's election increased his power exponentially. It is one thing to be a man who can always talk to the governor or the candidate; it is another to be the man who controls access to the president of the United States.

From the start Michael and Carolyn Deaver were "A-List" guests in Washington, and in all sorts of circles: political, diplomatic, media and what society-watchers call Establishment Washington. "He got wonderful reviews for the first three or four years," says one shrewd observer. "Mike Deaver was a huge catch," says another.

The Deavers took to the social scene with flair, sometimes going out seven nights a week. "They went everywhere," says a longtime associate. Adds Peter McCoy, who was Nancy Reagan's first staff director, "I think they were somewhat overwhelmed."

Within the year, Deaver, who had talked at first of

returning to California, was hooked on Washington.

Speaking of Deaver

Deaver, whose trial on five counts of perjury began yesterday, declined through his lawyer to be interviewed for this story. But, beyond the men and women who don't like Mike Deaver and never did, there are three kinds of people who will talk to a reporter about him:

The first are real friends who love and admire him, who speak of him as warm, irreverent and funny, a man incapable of guile. Says Pat Jacobson, a Fort Worth woman who has known him for 20 years and who chaired the 1980 Reagan-Bush campaign in Texas, "Mike is the most loyal man I ever met; I adore him . . . I just wish I could talk to the judge or to the jury and say, 'This man just does not deserve this.'"

The next are from the more-in-sorrow-than-in-anger school: people who have clashed with Deaver, and who today will tell a wicked story or two. But they are loath to pour too much salt on the wounds left by the investigation that resulted in the perjury indictment, but no charges that he violated ethics statutes governing the lobbying activities of former officials. "You see, I don't think that basically Mike Deaver's a bad man,"

says former White House political director Lyn Nofziger, who is himself under investigation by an independent counsel for his lobbying activities on behalf of the Wedtech Corp. and others. Ed Rollins, another former White House political director, says, "I've tried to tell you as accurate a story as I can, but I'm not about to kick him. You know, two years ago, three years ago, you betcha. I'd have put a boot in his head just as quick as he'd have put one in mine. But today I just feel very badly for him, and wish him well."

In the third group are people who like—or liked—Deaver, but are damned if they'll let you leave with the impression that his day in the sun didn't change him. They describe a guy whose head was turned "360 degrees," as one observer put it, by the rush.

"He fell in love with the beautiful people," says one who had occasion to observe Deaver over his 4½ years in the White House. "He began to believe that life begins and ends in Georgetown and Martha's Vineyard. He had dined with the queen. He had chatted with the pope. He forgot what staff people in the White House always seem to forget: It ends. It always ends."

Focusing on Finances

Every six months Deaver told Shirley Moore he was determined to leave the White House in six months. As he told Barrett toward the end of his first year in Washington: "Most of my adult life, and all of our married life, has been in Ronald Reagan's orbit . . . Isn't it time that I became Mike Deaver?"

His restlessness made headlines in

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December 1981 when he told reporters that he could not afford to live in D.C. on \$60,662 a year. "I have no money left," he said. "We are living on our savings."

The money issue stuck to Deaver throughout his tenure in the White House. In 1982, after a fitness campaign in which he lost 30 pounds, he contracted to write a diet book. His advance against royalties was to be \$18,000 over two years—the exact maximum allowed under ethics laws. Although Deaver never finished the book, the idea that he was eager to make more money had been planted.

The Deavers' financial picture brightened, to the tune of \$50,000 to \$60,000 a year, when Carolyn Deaver went to work in public relations, but the image worsened: How did a woman with no previous public relations experience snag such accounts as the Republican National Committee? critics asked.

In early 1985, Deaver and several other members of the advance team for the economic summit in Bonn used diplomatic privileges to buy luxury BMWs at a 15 percent discount, saving several thousand dollars. Again, no wrongdoing was found, but the incident perpetuated the impression that Deaver was a man concerned with his personal bottom line.

By coming to Washington, the Deavers had stepped on a financial treadmill. "He had a much better life style [in Sacramento] than he had here as an assistant to the president," says former Deaver deputy Joseph W. Canzeri, counting up the expenses dictated by Deaver's new life: "You can't go to meet with chiefs of state in a rented tuxedo."

Joining the administration also forced Deaver to sell to his partner Peter D. Hannaford his interest in the public relations firm they had built up over six years. For 50 percent of Deaver & Hannaford, which netted \$845,000 in the year before Reagan's election, Hannaford paid something under \$50,000.

Friends and former associates say Deaver believes that Hannaford took advantage of his need to complete the sale by Inauguration Day. "The only thing I know is that they both hate each other's guts today," says Rollins, whose office is down the hall from the reconstituted Hannaford Co. Inc.

"Peter's made a lot of money since, and I think that Mike felt there was a much bigger pie to split up than it actually turned out to be."

"As long as Deaver was in the White House," says Nofziger, "he made sure that Peter never got invited there."

Hannaford, who moved to Washington in 1984, says that the price was fair. "I was puzzled and hurt when I learned [Deaver] had turned his back on our friendship," he says.

Says Rollins, "He watched his partner, Peter Hannaford, get very wealthy . . . He watched Lyn Nofziger leave the White House after a year, go out and make lots of money. And so I think Mike sat there for two or three years saying, you know, 'I'm going to get out of here and I'm going to go make lots of money.'"

Assistant to the President William Henkel, whom Deaver recruited in 1982, says more gently, "As you got to know Mike, he was very conscious of the fact that he worked pretty hard for what he got . . . In his midforties, Mike probably decided that he wanted to prosper. But hell, unless I hear differently, there ain't nothing wrong with that."

Looking to Move On

By 1984, Deaver's desire to leave had begun to show in his work, some say. As the reelection campaign heated up, Deaver—formerly famous for his 14- and 16-hour days—began working fewer hours, even disappearing from time to time, according to former colleagues.

"Mike Deaver just wasn't working as hard," says a former colleague. "His mind was somewhere else; he was playing tennis most of the time. I think he was going through a very difficult kind of struggle about when he had to make that break."

Another staffer says, "He would sit on the campaign plane and read a book rather than go to another event. He was just not engaged. Part of it was burnout. He was saying to himself, I think, 'I am tired of this. I am tired of being the baby sitter. I have done this for 20 years and I just don't want any more of it.'"

"He was the man you went to with your problems" about Reagan, the staffer says. "His burnout wasn't the weight of responsibility for important policy and huge issues. His burnout was the weight of hearing, every day, people saying, 'You have to go in there [the Oval Office] and tell him he's screwing up on this.'"

"By 1984, even though he had been

talking about leaving for a long time, something had changed and we all knew this time he really meant it," a former colleague says. "He was there in body, but not in soul."

The body departed the White House in May 1985.

The Private Problem

"Mike has a little bit of a shell around him, I think," says Henkel. "I mean, he had an aura maybe a little bit of—I'm not going to say brusqueness, but this sense of protecting himself, or staying back a little."

Deaver's friends struggle to reconcile accounts of him as a man who ran through friends and forgot the "little people" he met on his way up with those of him as a warm-hearted extrovert who always remembered the White House operators at Christmas.

"People think he's off-times arrogant or, uh"—here Deaver's friend Jim Lake weighs his words very carefully—"mean-spirited. He is not. I think he's an insecure person and that sometimes he comes across, because he's uncommunicative, as being arrogant."

Rollins observes, "He just kind of kept it all inside . . . I think he's a shy, sensitive person, but I think he's far more complex than most people give him credit for."

The word "private" comes up often in conversations about Deaver. Despite a widely acknowledged capacity for charm and a lifelong involvement in jobs that call for social skill and force of personality, Mike Deaver has a side almost nobody knew.

That was the Mike Deaver who drank.

Last November, Deaver signed himself into a Maryland facility for eight weeks of treatment for alcoholism. Since then he has attended Alcoholics Anonymous, and taken what experts say is one of the most important steps in recovery: acknowledging your alcoholism to friends. One friend after another tells of getting a call from Deaver, meeting him for breakfast or lunch, and being astonished by what he had to say:

Shirley Moore: "I almost fell out of my chair. I had never seen him with too much to drink."

Joe Canzeri: "I never knew about that . . . Never, ever had an inkling of it."

Others, while they say they hadn't known, were less startled. Says Jim Lake, "I was surprised but not shocked."

Lake had been aware for years that Deaver's father is a recovering alco-

holic. The children of alcoholics are at four times greater risk of substance addiction than children from nonalcoholic homes, according to the National Institute on Alcohol Abuse and Alcoholism.

Says Henkel, who worked closely with Deaver and often traveled with him advancing presidential trips: "Yeah, I was surprised. But yet, you know, when you're then confronted with the reality that he had a drinking problem, yeah, then I think you can look back and you can see certain things . . . I mean, having a glass of wine or a couple—you know, at what appeared to be a weird time."

Deaver's alcoholism became public in April when his attorneys filed confidential notice with the court that his defense may include a claim of mental impairment as a result of his combined use of alcohol and unnamed prescription drugs. But only Mike Deaver knows when his drinking became a problem—whether it was before or after he left the White House.

Deaver's love of fine wine was one of his signatures, like his playing the piano and passion for gardening, and was one way he masked his problem. Another was by drinking alone.

William F. Sittmann, a former White House aide who left with Deaver and is still a vice president of Michael K. Deaver & Associates, says that Deaver "finally realized he was your classic alcoholic, if there is such a thing. And [that] he couldn't do it himself."

By all accounts, Deaver is dealing courageously with his illness. Friends have come away from those breakfasts and lunches impressed and clearly moved: by his nerve in facing and admitting the problem, by what they describe as his serenity in having chosen to deal with it.

"It's a hard to say," says Deaver's brother Bill, "but it's probably the best thing that ever happened to him at this juncture. To be in that kind of a situation with the support that he now receives" through AA.

Falling Out of Influence

Deaver's response last spring to the gathering criticism of his high-profile lobbying activities was offhand: "I wonder what people thought I was going to do when I left the White House—be a brain surgeon?"

In fact, no one had been surprised that Deaver chose to strike out on his own in what he christened a public relations firm, nor that he attracted from the start an impressive roster of clients, most of whom paid at least a \$300,000 annual retainer.

What surprised everyone was the

apparent heedlessness with which he promoted Michael K. Deaver & Associates.

It is almost forgotten that the March 3, 1986 Time magazine cover with Deaver's photograph and the headline "Influence Peddling in Washington" did not in itself ruin Mike Deaver's career. The previous December, after reading a news report about Deaver's reported lobbying about acid rain on behalf of the Canadian government, Rep. John D. Dingell (D-Mich.) had requested a General Accounting Office investigation. Several journalists had also begun a relentless pursuit of the story. Yet the day the magazine hit the stands was the day it became open season on Mike Deaver.

"I think that people sort of saw him getting closer and closer to the edge in terms of hurting himself," says a former colleague. "But until the cover of Time magazine, I don't think anybody realized how bad it was."

A month later, President Reagan defended his friend publicly, saying, "Mike has never put the arm on me or sought anything or any influence from me since he has been out of government."

In May, the Justice Department requested an independent counsel. In August, a subcommittee chaired by Dingell voted 17-0 to request that the counsel consider whether Deaver perjured himself in testimony before the panel.

By that time, Legal Times reported, Michael K. Deaver & Associates had lost at least eight major clients, including Canada, Singapore, Mexico, Trans World Airlines, and Philip Morris Inc.

Deaver had been out of the White House for 16 months.

Into the Fire

"He may have stumbled," says Joe Canzeri, "but he had some people pushing him, I'll tell you that."

This is the "powerful enemies" explanation for Deaver's decline.

Canzeri, who now runs his own public relations firm, points out that resentment came with the turf Deaver dominated in the White House: "If 10 people want to go into the Oval Office, and one went in, you've made nine enemies immediately. And the one that went in isn't your friend, because he thought he ought to be there anyway."

Deaver's role and history with Reagan had placed him at the center of tensions between the true believers who had followed Reagan from California or through his campaigns and

the numerous pragmatists he appointed to his cabinet and staff. And because Reagan trusted him, Deaver had a role in almost every controversy: When a decision was made that some liability—Secretary of State Alexander Haig, national security adviser Richard V. Allen—had to be eliminated, Deaver served as catalyst and messenger.

Thus the argument that the right wing—what Bill Deaver calls "the extra-chromosome conservatives"—blamed Mike Deaver when Reagan's policies failed to live up to his rhetoric. As soon as he was out the White House door, friends say, he was shark bait.

Lake and Canzeri both believe that he suffered for his loyalty. In the White House, Lake says, "He didn't conduct a campaign to make Mike Deaver look good, and to keep his friends . . . He was looking out for Ronald Reagan, not Mike Deaver."

As the architect of Ronald Reagan's image, Canzeri says, Deaver also "ticked off" people on the Hill, "because Ronald Reagan drove those guys into the ground up there."

And then there is politics as usual: "Washington is a city that is still built on great struggles for power," Reagan speech writer Ken Khachigian reminds us. "You can't tell me if you're a Democrat in a city where achieving power is important, that an opportunity to bring down one of the president's closest associates isn't a chance to advance your cause and hurt your opponent's."

Ultimately Deaver's reputation for not getting involved in substantive issues also hurt. Another lobbyist might have tried to argue the merits of his actions on behalf of his clients, but Deaver, who said in an April 1986 interview, "I don't think to this day I could tell you what acid rain is," hardly seemed in a position to claim a deep concern about the issue.

Lobbyists are the other group frequently blamed in Deaver's downfall. It's not known whether he was making more money than other lobbyists (Sittmann says the firm billed about \$3.5 million in its first year), but he was perhaps making it more quickly. And after it was learned that the London firm Saatchi & Saatchi was negotiating to buy Deaver's firm for \$18 million, he was certainly making it more visibly.

Most of all, he was drawing unwanted scrutiny. In the words of one lobbyist, "Everybody is held up to is-

sue."

Powerful Publicity

"It was an unwritten rule that everybody knew that it was okay to be a power broker, but one of the things that made you a power broker was that you didn't advertise it," summarizes a former colleague, putting his finger on what many say was Mike Deaver's fundamental mistake.

John P. Sears, Deaver's former rival for control of Reagan's 1980 campaign, is a Washington lawyer who says he sometimes lobbies for long-time clients. "Politics by nature—and that's what you're into here—it's a very private business," he explains. Sears' novel surmise is that Mike Deaver failed to figure this out because he was from California, where, "if you got your picture on the cover of Time magazine riding around in a limousine and an article about yourself, that would be good news."

But it is possible that Deaver had an even more profound misunderstanding of his business. It is possible that he did not know he was a lobbyist.

"I think Mike Deaver still thinks he created a PR company," says a former colleague. "I think he didn't know the difference between a traditional PR company and what he put together."

People who talked to Deaver about his plans shortly before he left the White House confirm that what he had in mind was a "strategic communications" firm. To this day Sittmann, who has been with the company from the brainstorm stage, says that it is wrong to call Deaver a lobbyist because "we never lobbied on the Hill in our lives."

Sittmann describes the firm's start-up: "And so Mike left the White House . . . and things just started to happen. I mean, we would sit there at night [saying], 'My God, will we ever make it?' And then the clients started to come in and I think we were both shocked . . . It was very exciting. And then Mike and I realized we couldn't do it all; we were getting involved in trade, and I knew nothing about trade, so then we just started hiring other people."

In other words, the clients were defining the nature of the business, rather than the business determining the nature of the clients and the services. As John Sears says, "You have to have enormous discipline to resist what happens when you leave government"—the influx of clients who believe that an ex-official's inside knowledge can help them.

Observers return, again and again,

to the question of Deaver's self-confidence, and the man they finally describe is the Sally Field of lobbyists: "You really like me!"

To believe that this is the source of Deaver's problems is to believe in an astonishing naiveté. Evan Thomas, who wrote the cover story for Time last year, says he at first thought Deaver as cynical as any man ever to spin the revolving door. But by the end of several interview sessions with Deaver this spring for Newsweek, where Thomas is now Washington bureau chief, he had come to believe "that a big part of it was a genuine gullibility."

The Public Trials

"You feel like some kind of drug dealer," Deaver has told an acquaintance about the ordeal of prosecution.

For now, Michael K. Deaver & Associates occupies a three-story town house in Old Town, where it moved in May from its too-expensive quarters in Georgetown's Washington Harbour complex. From a peak staff of 18, it is down to six.

Bill Deaver, who joined the firm in February 1986 as a consultant, is managing the office, which still represents "a few clients who have been nice enough to stick with us." He and Sittmann both decline to name those clients. Both say that when—if—all this blows over, they intend to build the business back up.

Deaver has delivered to William Morrow & Co. a manuscript about his years with Ronald and Nancy Reagan for which he contracted before his troubles began; some of the \$500,000 advance went for the services of a professional ghostwriter. Now, Bill Deaver says, he talks of writing about the slings and arrows of his recent past.

He may need to: His legal fees, said to have reached \$600,000, are still climbing. Some good friends—including Jim Lake, Joe Canzeri, longtime friend Nancy Reynolds and (until he returned to the White House this year as deputy chief of staff) Kenneth M. Duberstein—have worked to raise a defense fund. But in Lake's words, "It's been very difficult."

All scandals eventually fade, giving way to newer ones. It is ironic that, when Mike Deaver's fall from grace was finally eclipsed, it was by a crisis in the presidency Deaver served so well. That, too, was a debacle he might have forestalled; his friends like to think he would have.

One of the smaller lessons of the

Iran-contra affair was that the president still needed Mike Deaver. When Nancy Reagan and others wanted Reagan to fire Donald T. Regan as chief of staff as the first step in damage control, it was Mike Deaver who assembled a council of elders to call on the president and urge a clean start. He had as much as ever of the rare commodity that had promised him riches: access.

"Mike is no babe in the woods," says Bill Deaver. "He's not totally innocent, he's made some mistakes. [But] not enough to be in the situation he's in today."

Joe Canzeri is content to let it rest at this: "I think if he had it to do over again, he would probably have handled his media differently."

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Deaver witness list includes Reagans

A federal judge listed President and Mrs. Reagan yesterday as possible witnesses in the perjury trial of former White House Deputy Chief of Staff Michael K. Deaver, a possibility the White House called unlikely.

As jurors learned the identities of 216 possible witnesses to begin the selection process, the trial judge attempted to make much of the procedure secret, triggering legal protests from the press.

The Reagans were among more than 200 "prominent . . . people who might possibly be called" during the estimated three-to-five-week trial of the former presidential aide-turned-lobbyist, U.S. Judge Thomas Penfield Jackson told potential jurors.

"We do not expect that the Reagans will be called as witnesses," said Ben Jarrett, a White House spokesman. When the possibility of a voluntary appearance was raised on behalf of their aide and confidant of almost 20 years, a lawyer in the office of White House General Counsel A.B. Culvahouse said, "We do not expect them to testify."

On grounds of hardship or possible prejudice, Judge Jackson yesterday excused more than half of the 100 prospective jurors. The rest were asked to fill out a questionnaire in preparation for further closed-door questioning today by Judge Jackson, prosecutors and defense lawyers.

The secret questioning and an order by Judge Jackson temporarily blocking public access to the jurors' completed questionnaires set off protests by news organizations covering the trial.

An attorney for The Washington Post, citing the Supreme Court's 1984 ruling in the *Riverside Press-Enterprise* case, argued that the court is barred by the First Amendment from infringing on the public's right to observe jury selection in criminal trials. That decision upheld the California newspaper's challenge to closed-door jury selection.

Mr. Deaver is charged with lying to a federal grand jury and a congressional investigating subcommittee during a nine-month investigation by independent counsel Whitney North Seymour Jr. into whether Mr. Deaver's lobbying activities violated conflict-of-interest laws.

Even before opening arguments, Mr. Seymour and Mr. Deaver's defense lawyers are engaged in a pitched battle over the special prosecutor's planned line of argument regarding Mr. Deaver's alleged motives for committing perjury.

In court documents filed last Thursday, Mr. Seymour said Mr. Deaver lied about government contacts in behalf of Trans World Airlines and the governments of Canada, South Korea and Puerto Rico in order to protect his ability to make "millions of dollars for relatively little work."

Yesterday, Mr. Deaver's chief counsel, Herbert J. Miller Jr., filed court papers containing this response: "Mr. Seymour is attempting to reap the benefits of smearing Mr. Deaver through allegations of Ethics Act violations without bearing any of the burdens of specifically proving those allegations, as he would have been required to do had he succeeded in identifying an indictable offense under the statute."

Mr. Miller called improper the special prosecutor's attempt to present evidence of Mr. Deaver's dissatisfaction with his former \$75,000 government salary, his quick climb to millionaire status as a Washington lobbyist with close ties to the White House, and his purported fear of losing that business status as a motive for perjury.

"Jurors might, as Mr. Seymour evidently hopes, improperly and unfairly regard such testimony as indicative of greed — and hence bad character and criminal disposition — on Mr. Deaver's part," said Mr. Miller's court filing.

Judge Jackson announced after considering legal objections lodged by The Post's attorney that he would continue questioning prospective jurors privately in the jury room. Transcripts of the sessions will be made public at the end of the trial, he said.

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Deaver's witness list a federal who's who Reagans, Cabinet members named

By Ralph Soda
USA TODAY

President and Nancy Reagan head a star-studded list of more than 200 possible witnesses at the perjury trial of ex-White House aide Michael Deaver, which opened Monday in U.S. District Court here.

Deaver, 49, a longtime Reagan family friend, appeared confident and relaxed as he entered the courthouse. In the crowded courtroom, his wife, Carolyn, sat near.

Deaver, who could be sentenced to 25 years in prison if convicted, faces charges under the 1978 Ethics in Government Act. It restricts lobbying by ex-government officials.

At issue: his contacts, after leaving government in 1985, with former colleagues on behalf of such clients as Canada, South Korea, Puerto Rico and Trans World Airlines.

District Judge Thomas Jackson began jury selection by asking the more than 100 potential jurors if they or relatives knew personally any of more than 200 possible witnesses — including many Iran-contra hearing principals.

Besides the Reagans, the list includes ex-White House staff chief Donald Regan, Secretary

of State George Shultz, Assistant Secretary of State Elliott Abrams, ex-national security advisers Robert McFarlane and Rear Adm. John Poin-dexter, Defense Secretary Caspar Weinberger, ex-budget director David Stockman, ex-Sen. Paul Laxalt, R-Nev. and Rep. John Dingell, D-Mich., chairman of a House panel before which Deaver testified.

The trial is expected to take up to five weeks. Deaver consistently has said he's innocent.

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Counsel becomes prosecutor as Deaver goes on trial today

By George Archibald
THE WASHINGTON TIMES

For the first time since the 1978 Ethics in Government Act became law, an independent counsel today becomes a special prosecutor as the perjury trial of Michael K. Deaver opens with a witness list that is a "Who's Who" of the Reagan administration.

According to court documents, possible witnesses in the trial of the former deputy White House chief of staff include Secretary of State George Shultz, former White House Chief of Staff Donald T. Regan, Transportation Secretary Elizabeth Dole, former National Security Advisers Robert C. McFarlane and John Poindexter, and former Budget Director David A. Stockman.

These officials, and about a dozen other ranking Reagan appointees, figured in discussions and meetings about which Mr. Deaver is alleged to have lied to a federal grand jury and congressional subcommittee during a nine-month probe of his lobbying activities after leaving the White House in May 1985.

Mr. Deaver pleaded not guilty to the five-count indictment on March 26. Court officials estimate the trial will last five weeks. Conviction on all counts could carry a 25-year prison term and \$35,000 in fines.

Jury selection starts today, after which District Judge Thomas Penfield Jackson must rule on a defense motion for a change of venue on the basis of prejudicial publicity.

Herbert J. Miller Jr., chief defense attorney, has charged independent counsel Whitney North Seymour Jr. with entrapment by building his perjury case around Mr. Deaver's failure to recall certain government contacts.

"There is no violation of the conflict-of-interest statute, which is what this case was supposed to be all about," Mr. Miller said. "[Mr. Seymour] has spent hundreds of thousands of dollars and he has gone every place he can trying to find a substantive violation. ... He has taken one little 'I don't recall' statement and tried to turn it into a perjury or false declaration case."

Mr. Deaver's defense team has notified the court it intends to present expert testimony, reportedly relating to Mr. Deaver's recent battle against alcoholism.

George Washington University law professor John F. Banzhaf III says a "diminished capacity" de-

fense — claiming incomplete or false testimony was the product of memory lapse caused by drinking or drugs — would make it difficult to convict Mr. Deaver of perjury, which requires a showing of "intent to deceive."

In a filing last Thursday, the prosecutor charged that Mr. Deaver lied because he "knew that truthful testimony would reveal the true nature of Deaver's lobbying business, showing that defendant traded on his personal relationships with high government officials and collected large fees for a few ex parte telephone calls and meetings (and not for acting as a 'strategic planner' as he had claimed), which in turn would injure the reputations of those officials, many of whom held extremely sensitive positions of public trust."

The 17-page indictment charges Mr. Deaver lied to federal investigators about approximately 20 government contacts he made in 1985 in behalf of Trans World Airlines and the governments of South Korea, Canada and Puerto Rico which paid his firm yearly fees ranging from \$105,000 to \$475,000.

The most publicized accusation related to Mr. Deaver's role in the efforts to have the White House appoint a special envoy to deal with Canada on the acid rain issue.

Another count deals with Mr. Deaver's claim on May 16, 1986, to the House Energy and Commerce subcommittee on oversight and investigations that he and his firm did nothing "to facilitate" an October 1985 meeting on trade issues between President Reagan and Kim Kihwan, secretary general of South Korea's international economic policy council.

Mr. Seymour claims Mr. Deaver suggested that Mr. Kim personally deliver a letter from South Korea's president to President Reagan, and that an associate contacted Korean officials to suggest language for the letter, then advised U.S. Ambassador to Korea Richard Walker how to arrange the meeting.

While Mr. Kim was traveling to Washington, Mr. Deaver learned the meeting was not on Mr. Reagan's schedule; he telephoned Adm. Poindexter, then-national security adviser, and the meeting was scheduled, according to the papers.

Neither the independent counsel nor Mr. Deaver's defense attorneys have publicly said whom they will call to testify in the trial, which Mr. Seymour has said in court filings will focus on Mr. Deaver's alleged monetary motives to commit perjury about his use of high-level government contacts to help his firm's domestic and foreign clients.

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Mike Deaver's missed fortune

A trial his tribulation

By JANE RANSOM

Daily News Staff Writer

Just over a year ago, Michael Deaver was on the verge of making a fortune.

The former White House aide was about to sell his "consulting" firm for a fat \$18 million. The business was only 12 months old, but Deaver had shown customers that he had what they wanted: political clout, the kind that can only come from having worked with the highest officials in the land.

But just about that time he also found himself in some hot water. Congress, and a grand jury, were probing whether he had violated the law limiting contact between former government officials and the agencies that employed them.

And so, prosecutors charge, Deaver told a few lies to cool the situation down.

Trouble is, the water just got hotter. Today Deaver, one of President Reagan's closest friends, is scheduled to be tried on perjury charges. He never did make that \$18 million sale, and in the heat of controversy, customers have scattered from him like beads of mercury from a broken thermometer.

Deaver "knew that truthful testimony would end all chances for the sale of his business ... and would directly

jeopardize his lucrative client contracts which generated income ranging from \$100,000 to \$475,000 per year," independent counsel Whitney North Seymour Jr. said in papers filed last week in U.S. District Court in Washington.

Deaver has denied the accusations, saying: "I had no reason to lie because I had done nothing wrong."

Indeed, after the probes had begun, Deaver sent letters to his clients—who included foreign governments and big corporations—announcing his own request for the independent counsel investigation.

But in spite of his professed enthusiasm to get the truth out, Deaver has doggedly filed one motion after another seeking to block the trial.

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DEAVER

BY LARRY MARGASAK

WASHINGTON (AP) -- LOBBYIST MICHAEL K. DEAVER AND MEMBERS OF HIS COMPANY WERE WARNED AT LEAST THREE TIMES BY REAGAN ADMINISTRATION OFFICIALS THAT THEIR ACTIVITIES COULD BE IMPROPER, A HOUSE SUBCOMMITTEE REPORT SHOWS.

IN ADDITION, THE REPORT REVEALED, THE DEAVER FIRM CONTINUED LOBBYING TO RETAIN TAX CREDITS FOR BUSINESSES INVESTING IN PUERTO RICO -- EVEN THOUGH IT KNEW THE REAGAN ADMINISTRATION OPPOSED THE PROGRAM.

ACCORDING TO THE SUBCOMMITTEE, THE CONTINUED LOBBYING WAS CONTRARY TO DEAVER'S TESTIMONY TO THE PANEL THAT HE WOULD "CANCEL" A CONTRACT RATHER THAN ACT AGAINST U.S. INTERESTS.

THE DISCLOSURES WERE INCLUDED IN A REPORT RELEASED TUESDAY BY THE HOUSE ENERGY AND COMMERCE INVESTIGATIONS SUBCOMMITTEE. IT CONCLUDED DEAVER "KNOWINGLY AND WILLFULLY TESTIFIED FALSELY" BEFORE THE PANEL ABOUT HIS LOBBYING ACTIVITIES.

THE COMMITTEE ADOPTED THE REPORT 17-0, AND ASKED A COURT-APPOINTED INDEPENDENT COUNSEL TO INVESTIGATE WHETHER DEAVER SHOULD BE PROSECUTED FOR POSSIBLE PERJURY, FALSE STATEMENTS AND OBSTRUCTION OF A CONGRESSIONAL INVESTIGATION.

RANDALL TURK, A DEAVER ATTORNEY, OBJECTED, SAYING, "SOME OF THE SUBCOMMITTEE'S MEMBERS, AND ITS STAFF, HAVE NOW SPENT THREE MONTHS TRYING DESPERATELY TO FIND A POSSIBLE PERJURY CHARGE.

"THEY DID THIS BECAUSE THEY COULD FIND NO SUBSTANTIVE VIOLATION OF CRIMINAL LAW. FLYSPECKING FIVE-AND-ONE-HALF HOURS OF TESTIMONY ... DOES NOT SUPPORT A PERJURY CHARGE."

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DEAVER

BY TIMOTHY BANNON

WASHINGTON (UPI) -- A REPORT ADOPTED 17-0 BY A HOUSE SUBCOMMITTEE SAYS FORMER WHITE HOUSE AIDE MICHAEL DEAVER LIED THREE TIMES UNDER OATH TO THE PANEL, WHICH WILL GIVE ITS FINDINGS TO A SPECIAL PROSECUTOR PROBING HIS POSSIBLE ETHICS VIOLATIONS.

"MR. DEAVER KNOWINGLY AND WILLFULLY TESTIFIED FALSELY," ABOUT CONTACTS HE HAD WITH WHITE HOUSE OFFICIALS AND U.S. AMBASSADORS SINCE LEAVING THE WHITE HOUSE IN MAY 1985 TO OPEN A PUBLIC RELATIONS AND LOBBYING FIRM, THE REPORT CONCLUDED.

RANDALL TURK, A LAWYER FOR DEAVER, SAID TUESDAY THE SUBCOMMITTEE HAS BEEN "DESPERATELY" ENGAGED IN AN ATTEMPT TO FIND "SUBSTANTIVE VIOLATION OF CRIMINAL LAW." HE PREDICTED PRESIDENT REAGAN'S LONG-TIME FRIEND AND DEPUTY CHIEF OF STAFF WILL BE EXONERATED.

BUT THE RANKING REPUBLICAN ON THE HOUSE ENERGY AND COMMERCE SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS, FOLLOWING NEARLY TWO HOURS BEHIND CLOSED DOORS, EMERGED TO PRAISE THE 44-PAGE STAFF REPORT AS A BIPARTISAN EFFORT.

REP. NORMAN LENT, R-N.Y., CITED "LACK OF CANDOR" BY DEAVER IN HIS MAY 16 RESPONSE TO SUBCOMMITTEE QUESTIONS ABOUT HIS WORK AFTER LEAVING GOVERNMENT.

"WE BELIEVE THAT THE (ADMINISTRATION) WITNESSES ... HAVE MADE A GOOD-FAITH ATTEMPT TO BE FORTHCOMING AND PROVIDE US WITH ALL THE FACTS," LENT SAID. "MICHAEL DEAVER'S TESTIMONY WAS THE UNFORTUNATE EXCEPTION TO THIS RECORD."

THE REPORT SAID DEAVER'S FAILURE TO DISCLOSE SOME CONTACT WITH WHITE HOUSE OFFICIALS SUGGESTS "AN INTENT TO DECEIVE" AS WELL AS THE POSSIBILITY OF STILL MORE UNREVEALED CONTACTS.

THE PANEL'S STAFF REPORT SAID DEAVER MAY HAVE PERJURED HIMSELF WHEN HE TESTIFIED THAT AFTER RESIGNING HIS WHITE HOUSE POST HE HAD:

--ONLY ONE CONTACT WITH THE EXECUTIVE OFFICE OF THE PRESIDENT. THE REPORT SAID DEAVER FAILED TO MENTION A "SIGNIFICANT" CONVERSATION WITH NATIONAL SECURITY ADVISER ROBERT MCFARLANE.

--CONTACTED ONLY THE U.S. AMBASSADORS FOR KOREA, SINGAPORE AND INDIA, WHEN HE HAD IN FACT ALSO MET WITH THE U.S. AMBASSADORS TO WEST GERMANY AND JAPAN.

--INFORMED A CLIENT, ROCKWELL INTERNATIONAL CORP., MAKER OF THE B-1 BOMBER, THAT HE WAS GOING TO MEET WITH JAMES MILLER, DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET, TO DISCUSS THE AIRCRAFT. COMPANY OFFICIALS SAID THEY LEARNED OF THE MEETING FROM THE NEWSPAPERS.

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ESSAY | William Safire

The Arm on Reagan

WASHINGTON
Was Ronald Reagan used, and was the White House staff manipulated, by Michael Deaver in landing a \$2-million-a-year group of accounts with the South Korean Government? The White House Counsel, Peter Wallison, thinks not; I think so.

1. While representing Philip Morris in its efforts to penetrate the lucrative South Korean cigarette market, Mr. Deaver—in Seoul last summer—approached Kim Kihwan, the Korean President's confidant, with a pitch for the Government's business. He also assured Richard (Dixie) Walker (the right-winger, not the right fielder) that President Reagan had decided to extend his appointment as Ambassador to South Korea. Ambassador Walker knocked himself out to help Mr. Deaver.

2. On Oct. 1, 1985, the eager-to-please Ambassador Walker called Mr. Deaver in Washington. According to the thorough reporting in the Far East by Martin Tolchin and Stuart Diamond of The New York Times, Ambassador Walker says Mr. Deaver suggested that Dr. Kim meet President Reagan in the Oval Office. I suspect the South Koreans were led to believe that the Deaver magic could bring this about.

3. Ambassador Walker that day cabled Gaston Sigur of the National Security Council on the C.I.A. "back channel," circumventing the usual State Department communications. In that cable, which has been read to me, Ambassador Walker said that Dr. Kim was on his way to Washington carrying a letter about Korean-American trade from the Korean President to the U.S. President, and that having him deliver the letter in person would dramatize its importance. Mr. Deaver's hand was concealed: at first, Ambassador Walker tried to hide his own role in setting up the meeting but, when recently reminded by the White House of his cable's existence, called The Times back later with the painful truth.

4. Still on Oct. 1, Michael Deaver's top aide, William Sittman, called the White House Counsel's office to find out whom he could call to find out the status of the South Koreans' request. According to sworn Deaver testimony, Mr. Sittman was told (probably by a White House Counsel) to call William Martin, which Mr. Deaver testified Mr. Sittman did; Mr. Martin, now at the Energy Department, claims to remember nothing. But the Deaver interest in the proposed Kim-Reagan meeting was made known at the N.S.C.

5. Early in the morning of Oct. 2, with the State Department wondering

How he was used by Deaver

what was going on, Dr. Sigur rushed a memo via William Martin to his boss, Robert McFarlane, recommending "the President see Kim briefly to receive the message."

6. Within an hour, the national security adviser agreed to slip Dr. Kim in to see the President during the time set aside for the security briefing. By doing so, he circumvented the normal appointments screening process; appointments secretary Fred Ryan was not informed in advance.

7. And so it came to pass, at 11 A.M. on Oct. 2, within 24 hours of the Deaver suggestion to our man in Seoul, a Korean functionary flew halfway around the world and into a meeting with the President, Vice President Bush and present and future national security advisers McFarlane and Poindexter. For two glorious minutes he posed for a picture with Mr. Reagan, handing over President Chun Doo Hwan's letter.

Now, that is how to get a piece of business or lock up a new account. Mr. Deaver's South Korean filings were later amended to add the International Cultural Society of Korea to his representations, with the starting date given as Oct. 1.

"It happened quickly," admits Mr. Wallison, the White House Counsel, "but the guy was there. It got done." He sees no "use" of the President in getting business in all of this, considers the Sittman call legitimately informational and the meeting in the national interest.

We differ. Other questions to be asked when the Independent Counsel's lackadaisical investigators get around to this subject include: Who in the White House knew of Michael Deaver's interest in getting Dr. Kim to see the President? When was the President or Mrs. Reagan informed that the lightning-like demonstration of "access" had clinched or solidified an account for their dearest friend? (Tobacco tipster: Get in telephone touch.)

I don't know if any of this apparent manipulation of the President is illegal, but here is evidence that the White House has a guilty conscience: That Reagan-Kim picture, taken at taxpayers' expense, is not available to you or me. Somebody may be busy losing the negative right now. ☐

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Let justice do its job in the Deaver case

'MR. DEEVER'S LACK OF CANDOR in no way reflects on those in the administration with whom he had contact," said New York Republican Rep. Norman F. Lent after release of the subcommittee report that takes Michael K. Deaver's hide off. Fine. But it's distressing that President Reagan reaffirmed "full confidence" in his deputy-chief-of-staff-turned-lobbyist.

Loyalty is a splendid virtue. There is dignity and decency in supporting friends and colleagues when they are down—even out. But there is a vast difference between personal support and official approval.

Should Deaver go to jail? That's for the courts to decide. And the next step in that is up to Whitney North Seymour Jr., the special prosecutor. A tough, important job.

The charges by the subcommittee—a serious body of dispassionate legislators—are hard and strong: Perjury, obstruction of a congressional investigation. Bad stuff.

Justice must, and will, be done—as swiftly as prudence allows. Meanwhile, Mr. Reagan and politicians of every stripe will best serve justice by standing silent.

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Deaver Discloses Contacts With 3 Presidential Aides

By ROBERT L. JACKSON and RONALD J. OSTROW,
Times Staff Writers

WASHINGTON—Former White House aide Michael K. Deaver, now a Washington lobbyist, has revealed contacts with three top presidential aides, according to new reports filed with the Justice Department under a law governing foreign agents.

The reports show that Deaver dined last March with three assistants to the President, several months after Deaver had been cautioned by a White House lawyer that his discussions with persons of that rank could place him in violation of the federal Ethics in Government Act.

Deaver's new disclosures, required under the Foreign Agents Registration Act, were in the form of an "amendment" and "corrections" to reports that he had filed earlier with the department covering a six-month period ending in March. Failure to provide all relevant information by persons like Deaver who represent foreign clients can be a matter for prosecution under the act.

Deaver's lobbying activities are under investigation by a court-appointed independent counsel and by the investigations subcommittee of the House Energy and Commerce Committee. Tuesday, the subcommittee cast a 17-0 bipartisan vote adopting a staff report that charged Deaver with lying in his testimony at a hearing of the panel.

The new reports disclose that Deaver, in connection with his representation of the government of South Korea on trade matters, was host at a dinner on March 13 at Washington's fashionable Hay-Adams Hotel in honor of Korea's ambassador to the United States, Kim Kyung Won.

His report showed that guests included David B. Waller, then senior associate counsel and special assistant to the President; Dennis Thomas, the top aide to White House Chief of Staff Donald T. Regan, and Stephen Danzansky, a special assistant to President Reagan and senior director of international economic affairs.

Last summer, according to recently released congressional testimony by Fred F. Fielding, the White House counsel until his departure two months ago, Fielding warned Deaver that, because he had left the White House in May, 1985, he was prohibited by the ethics law from approaching high-ranking White House officials on behalf of any clients until May, 1986.

Besides the Korean government, Deaver was representing Korea's Daewoo Corp., whose chairman attended the dinner. Deaver at the time was trying to help Daewoo settle a multimillion-dollar U.S. penalty assessment because the firm had been determined to have "dumped" steel on the American market.

Meeting Called Social

Deaver was reported on vacation in Africa on Wednesday and could not be reached for comment. His attorney, Randall J. Turk, said that Deaver did not believe his "social" contacts with Waller, Thomas and Danzansky violated any law because "no political representation" was made to them at the dinner.

Waller, now an assistant secretary of energy, worked for Fielding at the time but said he was not aware of Fielding's previous admonition to Deaver. He said he was not involved in the legal review of Deaver's activities that Fielding conducted last March and April at the request of congressional investigators.

"Had it (the review) been going on before that, maybe I would have given some thought to not attending the dinner," Waller said. But he added that he had "no substantive conversation" with Deaver at the dinner "nor did I have any idea what Mike was doing with the South Koreans."

Thomas and Danzansky did not respond to requests for comment on their attendance at the dinner. Other guests included officials of

the Defense, State and Labor departments. Deaver is not legally barred from contacting officials at departments in which he did not work.

As federal inquiries of Deaver have intensified, the new filings at the Justice Department show also that two foreign clients—the Ministry of Commerce and Industrial Development of Mexico and the Panama-based C.B.I. Sugar Group—have not renewed one-year contracts of \$250,000 and \$300,000 respectively.

It was previously reported that Deaver had agreed not to continue representing the government of Canada, a \$105,000-a-year client.

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Trade office fastens lid on Deaver documents

By George Archibald
THE WASHINGTON TIMES

The Office of the U.S. Trade Representative has clamped a lid of secrecy on scores of documents involving dealings with the lobbying firm of Michael K. Deaver & Associates, saying the records have been turned over to government investigators.

The government trade office, part of the expanded White House known as the Executive Office of the President, acted on grounds that the documents have been given to a court-appointed independent counsel and a House subcommittee as possible evidence in conflict-of-interest probes.

The probes involve Michael Deaver, the former White House deputy chief of staff, and two of his key assistants, Doral S. Cooper and Lisa B. Barry, who previously worked as high-ranking officials at the trade office.

The trade office, in response to a Freedom of Information Act request by The Washington Times, claimed that public release of more than 125 pages of documents might prejudice the investigations.

Most of the documents provide details of dealings between Mrs. Cooper and Mrs. Barry, in behalf of the Deaver firm, and various trade office officials, according to the office's partial response to The Times' May 2 FOIA request.

Whitney North Seymour Jr., the court-appointed independent counsel, has not communicated with the trade office since his appointment

May 29, said deputy USTR general counsel C. Michael Hathaway. It is not known whether Mr. Seymour is interested in the documents, which the trade office submitted voluntarily, Mr. Hathaway said.

According to government sources, the two women are being investigated by the House Energy and Commerce subcommittee on oversight and investigations for possible violation of federal conflict-of-interest laws.

Mrs. Cooper was a \$72,300-a-year assistant U.S. trade representative for the Asian, Pacific and African regions when she left the trade office last August to join the Deaver firm as a consultant-lobbyist.

Mrs. Barry was a \$45,911-a-year deputy assistant trade representative for trade policy when she left the office in January. According to government sources and Mr. Deaver's Justice filings, Mrs. Barry has made most of the firm's contacts with several dozen USTR officials on foreign trade-related matters.

Mrs. Cooper and Mrs. Barry have declined repeatedly to respond to a reporter's inquiries.

As a former senior official, Mrs. Cooper was prohibited for one year from having any contacts with the trade office as a foreign agent. Mr. Deaver, through a spokeswoman last May, emphatically denied that Mrs. Cooper had any dealings with the Office of the Trade Representative in behalf of clients.

Mrs. Barry served as a GS-14 but was not considered a "senior" official for purposes of ethics laws.

Former federal employees are barred for at least two years from representing clients before government agencies on issues in which they were involved while in office.

The Office of the Trade Representative's partial response to The Times' FOIA request shows that Mrs. Cooper had at least 10 previously undisclosed telephone and luncheon contacts with members of the trade office's legal staff and officials responsible for U.S. trade policy in Canada, Europe, the Middle East and elsewhere in the Mediterranean region.

"She's a very sociable person and sometimes calls people up to schmooze and find out what's going on," said Amelia Porges, a trade office deputy general counsel who the records show was contacted by Mrs. Cooper on several occasions.

"I stare into my green screen and crank out the administration's legislative positions. I also work on Japanese stuff," Ms. Porges said. "The most she [Mrs. Cooper] might have done was ask me, 'Do you think there's going to be a trade bill this year?'... I said nothing to Doral that she couldn't have gotten from the newspapers or [U.S. Trade Representative Clayton] Yeutter's speeches."

In recent amendments to his Justice Department filings under the Foreign Agents Registration Act, Mr. Deaver reported that Mrs. Cooper and Mrs. Barry both met Feb. 13 with U.S. Deputy Trade Representative Michael B. Smith.

Among other matters, they discussed pending unfair trade practice cases brought against South Korea by the United States, Mr. Deaver disclosed. The Deaver firm had a \$475,000-a-year contract to represent South Korea's interests.

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Reagan Alone Offers Support

Political Pals Desert Deaver as Woes Mount

By JACK NELSON, *Times Washington Bureau Chief*

WASHINGTON—When Michael K. Deaver returns from an African-safari vacation to the political jungle of Washington this week, he will find that most of the Administration officials and others who lionized him during his days as a top aide to President Reagan have disappeared into the underbrush now that he faces mounting legal problems.

Almost none, save Reagan himself, has offered public support for Deaver, now a lobbyist, since he came under investigation for alleged conflict of interest and possible perjury in testimony before a House subcommittee that is looking into his affairs.

'A Lot of Enemies'

Reagan last week told an inquiring reporter he still had confidence in his longtime friend and master image-maker, despite the House subcommittee's 17-0 vote referring three possible perjury charges to the independent counsel who is investigating Deaver's lobbying activities. Elsewhere, there has been a notable silence among former colleagues and associates in the Administration, in Congress and in private life.

"Nothing's being done at the White House to defend him except what the President has said," according to a senior Administration official who declined to be identified. "It's no secret he's made a lot of enemies, but this is a tragic thing for him. It's a terrible time for him to be off on vacation."

Beyond their public silence, many of Deaver's associates when he served as Reagan's deputy chief of staff—rigidly controlling access to the Oval Office—now privately offer harsh criticism of the government-official-turned-lobbyist.

"He got his comeuppance," said one former colleague last week.

"He got what he deserved," declared another.

Such critics "weren't willing to take him on when he was in a position of power, but they're eager to jump on him now that he's out and in trouble," said James Lake, a Washington lobbyist and former Reagan campaign press secretary.

In part, what is happening to Deaver is as old as Washington itself. It is a classic case of a once-mighty official finding he has few friends once he has lost power and run afoul of legal or ethical standards. "Washington is a tough town," Lake said.

In part, however, the response to Deaver stems from a widespread perception that he was arrogant and curt when he wielded power as one of the President's closest confidants and that he became obsessed with making money once he left the White House last year to set up his own Washington public relations firm. "He brought it on himself," said one former colleague.

Deaver's current legal problems stem from his attempt to jump directly from the White House into Washington lobbying and use his Administration connections on behalf of major corporations and foreign countries, including CBS, TWA, Canada, Singapore and South Korea.

A year ago—only three months after resigning as Reagan's most trusted aide to open the lobbying firm—Deaver appeared to be succeeding beyond his wildest dreams. When a friend asked how things were going, Deaver, who had said he thought that with his connections he would make \$1 million a year, replied: "Great, great, I'm making far more than I ever thought I would."

The President himself had given Deaver a considerable boost in his new venture. With Reagan's permission, Deaver had retained the coveted White House pass that entitled him to instant access to the building even though he no longer had an official connection with the government.

And the President, in formally accepting his resignation, had written him a letter—which the White House made public—saying Reagan could never accept the resignation "in my heart" and that he and his wife, Nancy, wanted Deaver to "continue to be a part of our lives . . . part of our life-support system."

Chauffeur-Driven Car

With such a send-off, Deaver opened an opulent office in fashionable Georgetown and soon was traveling around Washington in a chauffeur-driven Jaguar. Early this year, with high-paying clients beating a path to his door, he was on the verge of selling his lobbying firm, Michael K. Deaver & Associates, to a British firm for a reported \$18 million.

For a man who had grown up poor in Bakersfield, Calif., and who at one time complained he could not get by on his annual \$70,000 White House salary and was living on his savings, the 48-year-old Deaver had come a long way in a hurry.

But now he appears to be in deep trouble, both legally and professionally.

The investigations subcommittee of the House Energy and Commerce Committee has asked Whitney North Seymour Jr., the independent counsel, to determine if Deaver lied by failing to disclose contacts he had last summer with Robert C. McFarlane, then the President's national security adviser, and more recently with U.S. ambassadors in West Germany and Japan.

In addition, Deaver allegedly lied in connection with a meeting he had last Feb. 27 with James C. Miller III, the President's budget director. At the meeting, Deaver urged production of the B-1 bomber by Rockwell Corp., one of his

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clients, and Deaver told the subcommittee under oath that he talked about the meeting with his client both before and after it took place. Rockwell officials have told the subcommittee they knew nothing of Deaver's meeting with Miller, either before or after it occurred, and learned of it only from later press accounts.

Seymour already has been investigating Deaver's approaches to McFarlane and Miller as possible violations of the Ethics in Government Act, which prohibits a high ex-official like Deaver from lobbying former colleagues within a one-year period after leaving government service.

And Seymour is seeking to determine if Deaver violated other conflict-of-interest provisions by working for the Canadian government to get Reagan Administration action on the problem of acid rain, despite evidence that Deaver was heavily involved in 15 meetings on that pollution problem while working in the White House.

Deaver has repeatedly denied that he did anything illegal or improper.

Moreover, some of Deaver's clients have failed to renew their contracts since the investigations began and Saatchi & Saatchi, the British advertising concern that was negotiating to buy Deaver's firm, has backed out of the deal.

"It looks like things are going down the drain for Mike," said a senior Administration official who declined to be identified. "Given the nature of the business he's in, I don't see how it can survive an extended investigation."

As a Reagan aide, Deaver kept a relatively low public profile, although he attracted unwanted publicity by playing a major role in White House power struggles and twice by engaging in controversial private transactions—signing a contract to write a diet book and obtaining a special discount on a luxury BMW automobile while in Europe doing advance work on Reagan's 1985 trip to Germany.

As a lobbyist, though, Deaver reveled in publicity before the investigations, apparently feeling it would help bring in business. "There's no question I've got as good access as anyone in town," he told one reporter.

Time's Cover Story

His friends as well as his enemies believe his current difficulties stem in part from his high profile. They single out the Time magazine cover story of last March 3 showing a

dapper Deaver, clad in a dark suit with a red scarf, telephoning from the back seat of his Jaguar, the Capitol dome in the background.

In large lettering on the photograph, above an "Influence Peddling in Washington" caption, Time left little doubt about the lobbyist's Reagan connection: "Who's This Man Calling?"

The publicity seemed to stir animosity among a number of former Deaver associates who also had left the Administration to go into lobbying. They resented his bragging and what they considered his reckless rush into the field and the broader spotlight it was putting on lobbying in general.

"He bragged about being the President's closest friend, and about his White House pass and chauffeur-driven car and about making money and selling his company for \$18 million," said a lobbyist who was a Reagan aide and—like most others discussing Deaver's problems—declined to be identified. "It went to his head. The successful people in this town try to keep their heads down. Stick it up and you get it knocked off."

Lake acknowledges that Deaver has an image problem but said: "It's too bad that the same high-quality performance Mike consistently demonstrated while serving Ronald Reagan has not been called upon to help him when he is in this difficulty. Ronald Reagan had no better aide in helping him convey his views and character to the American public. Too bad Mike Deaver doesn't have a Mike Deaver."

Deaver also violated the old rule that you should be nice to the people you meet on the way up because they are the same people you will meet on the way down, according to a former Administration official who commented on condition he not be identified. Several others echoed that thought.

Part of Deaver's problem, they said, stems from bitterness left over from the early days of the Reagan presidency when he and James A. Baker III, leaders of a moderate faction, were locked in a White House power struggle with then-White House aides Edwin Meese III and William P. Clark, leaders of a conservative faction.

"He's been deserted because he deserted his old friends and his new friends aren't there when he needs them," said a former Reagan aide. "He sided up with Jim Baker against Ed Meese and Bill Clark and most of the Reaganites who were with Ronald Reagan in the beginning. And when he had the

power in the White House he just stuck it to the Reaganites or ignored them."

For his part, Baker, now secretary of the Treasury, who owes his Reagan connection to Deaver, has told Deaver he is still his friend, but to inquiring reporters he has said he cannot make a judgment on Deaver's case because any Deaver lobbying activities involving the White House would have occurred after he (Baker) left as Reagan's chief of staff.

Deaver was instrumental in Reagan's appointment of Baker as chief of staff.

Outwardly, at least, Deaver so far has not shown great concern about the investigations. Queried by a reporter a week ago in Nairobi, Kenya, two days before the House subcommittee voted on the perjury issue, he said he was "not concerned at all" about the vote.

"I'm just having a good time watching the four-legged hyenas here," he said. "There's a great similarity between the behavioral characteristics of the four-legged and two-legged hyena."

Suggested a senior Reagan official: "Before that comment got published, there might have been a chance one or two Republicans on the subcommittee would have filed a minority report on the perjury matter," offering at least some words of support or defense for their fellow Republican. None did.

Deaver has a talent for irritating people by saying the wrong thing at the wrong time, associates say. When his lobbying activities first surfaced last spring, the New York Times quoted lobbyist and political consultant Edward J. Rollins, a former White House aide, as saying that it is not what people do in Washington that brings them down, "it's the sin of arrogance."

At a dinner party here last month, Deaver displayed his talent with a toast while seated between Rollins' fiancée, Sherrie Sandy, communications director for a large Washington development firm, and Independent News Network correspondent Jan Smith, wife of ABC's Sam Donaldson:

"You can tell how far from power I've fallen in a year when I'm seated between Ed Rollins' fiancée and Sam Donaldson's wife," Deaver said.

An awkward silence fell over the crowd of journalists and government officials, including Treasury Secretary Baker and White House aide Dennis Thomas. A fuming Rollins and his fiancée hurried out. The incident quickly became the talk of Washington's cocktail circuit and an item about it appeared

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in the Washington Post.

"Mike was just trying to be self-deprecating," said an Administration official who was at the party. "but he doesn't seem to be doing anything right since he left the White House."

Another Washington lobbyist, Joseph W. Canzeri, who served as Deaver's assistant during the first year of the Reagan Administration, said: "Deaver did a wonderful job for Ronald Reagan and the country and that shouldn't be overlooked. And I'd bet my life that, whatever he did, Mike never thought of doing anything with criminal intent."

Canzeri, who has worked closely with Deaver in the past, beginning in the late 1960s when Canzeri was an assistant to New York Gov. Nelson A. Rockefeller and Deaver was an assistant to then-California Gov. Reagan, said: "Never when I have been with him have I seen him make a decision that wasn't in Ronald Reagan's interest. But the difficulty he is in now is not good for Reagan. And the long-term tragedy that Mike is going to have to face is that it may tarnish the President."

Canzeri resigned as Deaver's deputy in February, 1982, saying he wanted to spare Reagan any embarrassment after the Justice Department began investigating two allegations of double-billing of expenses and his acceptance of a cut-rate mortgage. The Justice Department subsequently concluded no law had been violated by Canzeri, who has maintained close contact with the Reagans.

Despite Reagan's vocal support for Deaver, Deaver's future as a confidant of the President may be in doubt. Reagan has a record of disassociating himself from people he thinks are hurting his career. In fact, he dumped Deaver once before—in 1979 when John P. Sears, then manager of his presidential campaign, threatened to quit unless Deaver left. Although Deaver was ousted, he subsequently rejoined the Reagan campaign and Sears was fired.

The way Sears sees it, it is nothing personal with Reagan, who was hardened by the personnel practices of Hollywood and is capable of distancing himself from Deaver if the going gets too tough for his former aide and the investigations appear to be tarnishing the White House.

"It comes from his background as an actor," Sears said. "When you're in the acting business, people come and go, the director might change. But you're the star and you don't get into that. That's sort of the way it is."

Alleged Perjury Escalates Case Against Deaver

By ROBERT L. JACKSON,
Times Staff Writer

WASHINGTON—There is one lesson that some federal officials have learned the hard way: It's not only what you do but what you say about it later, especially if you say it under oath, that can get you into trouble.

During the Watergate era, for example, more than a dozen officials of Richard M. Nixon's Administration, including former Atty. Gen. John N. Mitchell and former top White House aides H. R. Haldeman, John D. Ehrlichman and Dwight Chapin, were convicted of perjury for lying about their activities.

And now the same specter faces Washington lobbyist Michael K. Deaver, President Reagan's former close aide, who has repeatedly denied any wrongdoing and expressed confidence that he will be cleared.

Until last week, Deaver was merely the target of a federal investigation probing whether he had violated a law that restricts the activities of one-time government officials who seek to lobby their former colleagues.

That investigation, while hardly comforting, posed a relatively minor threat to Deaver.

Fuzzy Area of Conduct

The 1978 law attempts to regulate a fuzzy area of conduct. It has long been common practice in Washington for former government officials and members of Congress to use their contacts and expertise to build lucrative second careers as lawyers and lobbyists. So murky is the line between what is proper and improper that the law has been used for fewer than a dozen prosecutions—and most of those have failed.

John C. Keeney, a senior Justice Department official, said juries "are disinclined to convict for technical criminal violations which cannot be shown to have resulted in harm."

But now Deaver is facing a much more serious threat. A House subcommittee last week recommended unanimously that Whitney North Seymour Jr., the court-appointed independent counsel who is investigating Deaver, consider perjury charges against him.

Government Act, which regulates lobbying by former government officials, carries a maximum prison term of only two years. Perjury, by contrast, is punishable by up to five years in prison.

Beyond that, legal authorities said the perjury accusation moved Seymour's inquiry from a gray area of the law to one that is painted in black and white.

Although the Ethics in Government Act prohibits one-time officials from lobbying their former colleagues for a year—and forbids them ever to lobby on issues they dealt with while in office—lobbyists can sometimes find indirect ways to accomplish what the law bans directly.

"Laws and regulations like the Ethics in Government Act can only go so far," said Ray Kline, president of the National Academy of Public Administration, a congressionally chartered organization that studies governmental problems. "You ultimately come down to questions of discretion and good judgment, and that depends on the quality of people whom a President appoints." Perjury, by contrast, is what Washington lawyer David M. Dorsen, a former New York prosecutor and Senate Watergate Committee investigator, called "a real honest-to-goodness crime." It is "one of the most serious crimes affecting white-collar defendants," he said.

"In the case of many statutes, you can argue that what you did was innocent," Dorsen said. "But with perjury, there is no such argument. It requires very specific intent and knowledge."

Closed Testimony

Seymour's conflict-of-interest investigation will examine allegations involving Deaver's representation of the Canadian government on the acid rain issue, of Rockwell International Corp. on the B-1 bomber and of a U.S. brokerage firm working with Japanese investors seeking Puerto Rican tax credits. All these subjects arose during Deaver's closed testimony on May 16 to the House Energy and Commerce subcommittee on oversight and investigations.

And all of them resulted in perjury allegations. Although the committee's chairman, Rep. John D. Dingell (D-Mich.), is regarded as a highly partisan Democrat, the motion to refer the perjury accusation to the independent counsel won the unanimous approval of the subcommittee's seven Republicans as well as 10 Democrats. Congressional sources said Seymour's aides promptly picked up hearing tran-

by the subcommittee.

Public records show Deaver's alleged perjury is based partly on his failure to tell the subcommittee, under intense questioning, about lobbying contacts with U.S. ambassadors in West Germany and Japan and with Robert C. McFarlane, who at the time was Reagan's national security adviser.

But Dingell said in a memorandum that Deaver and his attorneys had been notified before his appearance before the subcommittee on May 16 that he would be questioned about his contacts with U.S. ambassadors abroad. The recently released transcript of Deaver's testimony shows that after he mentioned contacting the ambassadors to Korea, Singapore and India, the following exchange took place:

Question: Let's go down the countries. You mentioned Korea, Singapore and India. Any other countries that you recall you had discussions with the ambassador?

Answer: Saudi Arabia is the only other country and I don't even know who the ambassador is there.

Q: But you did have discussions with the ambassador.

A: I did not.

Q: So you had no more discussions with U.S. ambassadors subsequent to your leaving the White House.

A: No.

The subcommittee said it later learned from the State Department that Deaver had visited U.S. Ambassador Mike Mansfield in Tokyo last January and had paid a similar visit to U.S. Ambassador Richard Burt in Bonn last February. Both visits followed an exchange of letters or phone calls between Deaver and the envoys.

In Mansfield's case, Deaver vainly sought the ambassador's support for Puerto Rican tax credits on behalf of Japanese investors he was representing. In the case of Burt, in

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whose residence he stayed, Deaver unsuccessfully tried to enlist the ambassador's aid in obtaining a contract with the city of Berlin to publicize its 750th anniversary in 1987. He had a later conversation with Burt about the matter at a Washington luncheon in March, according to Burt.

The House subcommittee charged that Deaver also lied when he was asked about any contacts he had with James C. Miller III, director of the President's Office of Management and Budget, or anyone at the National Security Council.

Deaver responded by mentioning a meeting with Miller earlier this year and added that an assistant had contacted William Martin, an official of the NSC. When pressed on whether there had been any other contacts by himself or his firm with OMB or NSC officials, the transcript showed that Deaver replied: "Those are the only two that I can recall."

Dingell said in a memo to other members of the panel that subsequent to Deaver's testimony, "the staff received information that Mr. Deaver had a significant telephone conversation in the summer of 1985 with Robert C. McFarlane, then assistant to the President for national security affairs and the highest-ranking staff person on the National Security Council. It has been determined that during this conversation, Mr. Deaver raised the issue of . . . the Puerto Rico tax credit."

The third case of alleged perjury, the subcommittee said, involved Deaver's description of a meeting last Feb. 27 with Budget Director Miller to enlist support for production of the B-1 bomber manufactured by Rockwell International, a Deaver client.

The subcommittee charged that Deaver lied in testifying he discussed the meeting with Rockwell officials both before and after it occurred. The hearing transcript shows the following exchange:

Q: Did you discuss your meeting with OMB Director Miller with Rockwell in advance?

A: I told them that I was going to call on Mr. Miller, yes.

Q: And did you report back to them following that meeting?

A: Yes, sir.

Q: And what did you report back?

A: Basically, what I have report-

ed to you today: what transpired at the meeting, and that I was going to send on a list of questions that he (Miller) had requested.

Dingell said that Rockwell officials, both initially and after an internal company inquiry, said that "the first they learned of any meeting between Mr. Deaver and Mr. Miller was when it was reported in the press some weeks later."

One independent legal authority, who spoke on condition he would not be identified, said this potential perjury count might be the weakest because a prosecutor might regard it as insignificant or lacking in materiality.

Deaver's attorneys charged that "some members of the subcommittee's staff have now spent three months trying desperately to find a 'possible perjury' charge . . . because they could find no substantive violation of a criminal law. Flayspecking 5½ hours of testimony in a 42-page memo does not support a perjury charge."

The attorneys said they have unspecified testimony and documents supporting Deaver's testimony regarding his conversation with Miller. They contended that the claim that Deaver failed to disclose his meeting with Ambassadors Mansfield and Burt "is specious." Deaver had no reason to hide those meetings and they would have been impossible to conceal in any event, they said. They declined comment on the charge regarding a Deaver-McFarlane conversation.

Before the development of possible perjury in the Deaver investigation, Seymour had been focusing on the charge that Deaver may have violated federal ethics provisions by lobbying on the acid rain issue for the Canadian government less than a year after leaving the White House and despite the fact that he had dealt with the issue while on the President's senior staff.

The General Accounting Office said in a report that Deaver's involvement with acid rain while serving in the White House was much more extensive than previously known.

The GAO, the investigative arm of Congress, said Deaver participated "personally and substantially" in at least 15 meetings at the White House on the pollution issue before leaving government in May, 1985. Then, according to the GAO, he represented Canada's side of the

issue in discussions last October with Drew Lewis, Reagan's special envoy on acid rain.

Seymour, a former New York federal prosecutor during the Nixon Administration, has declined all requests for comment on the progress or scope of his inquiry into Deaver's affairs. He has no legal deadline for completing it.

Washington attorney Herbert J. (Jack) Miller Jr., representing Deaver, noted that "there has been no complete investigation yet" pending Seymour's final report. Miller predicted that Deaver would be exonerated.

HOUSE PANEL SAYS DEAVER WAS LYING IN MAY TESTIMONY

PERJURY CHARGE POSSIBLE

Subcommittee Votes 17 to 0 to Forward Its Evidence on Aide-Turned-Lobbyist

By STUART DIAMOND

Special to The New York Times

WASHINGTON, Aug. 12 — A House subcommittee said today that Michael K. Deaver, the former deputy White House chief of staff, lied in sworn testimony this spring, and it asked an independent counsel to investigate the possibility of perjury charges.

The Energy and Commerce Subcommittee on Oversight and Investigations voted 17 to 0 to adopt a staff report concluding that Mr. Deaver, who is a close friend of President Reagan and his wife, Nancy, "knowingly and willfully" made false statements in testimony before the panel May 16.

The subcommittee was looking into allegations that Mr. Deaver, now a lobbyist, used his former Government service and his friendship with the President to benefit his clients. The court-appointed independent counsel, Whitney North Seymour Jr., is already investigating whether Mr. Deaver's lobbying activities have violated ethics laws that restrict contact between former top officials and the agencies they worked for.

Evidence Is Forwarded

Mr. Deaver "may have violated Federal criminal statutes relating to perjury, false statements and obstruction of a Congressional investigation," the panel said in a cover memorandum.

Specifically, the lawmakers said Mr. Deaver, who left the White House in May 1985, did not tell them about a conversation last summer with the national security adviser in behalf of tax breaks for Puerto Rico, failed to report contacts with two United States ambassadors concerning his business dealings, and gave false testimony about his representation of the Rockwell International Corporation in his contact with the director of the Office of Management and Budget about Rockwell's B-1 bomber.

Deaver Out of Country

The subcommittee voted to forward

its evidence to Mr. Seymour, who was appointed in May under Federal laws that call for an independent counsel to act as a special prosecutor regarding allegations of official misconduct. John D. Dingell, the Michigan Democrat who heads the panel, took pains in a news conference today to say that it was up to Mr. Seymour to decide whether Mr. Deaver had committed perjury as defined by law.

After reviewing the evidence, Mr. Seymour will decide whether the case warrants consideration by a Federal grand jury, which could bring criminal charges against Mr. Deaver.

Mr. Deaver is on safari in Africa. The Washington law firm of Miller, Cassidy, Larroca & Lewin, which represents him, said today, "We are confident that after a full and impartial investigation, Mr. Deaver will be cleared of any wrongdoing, including the suggestion today that he may possibly have committed perjury."

Mr. Reagan, campaigning for Republican candidates in Illinois today, said that because the investigation was under way he could not comment on the allegations that his former aide had lied to Congress. But as he has said previously, the President added that "I'm confident" Mr. Deaver will be exonerated. "I believe in his integrity," Mr. Reagan said.

But committee members from both parties were critical of Mr. Deaver's actions. "The man was lying," said Norman F. Lent, the Nassau County Republican who is the ranking minority member of the subcommittee.

Representative Ron Wyden of Oregon, a Democrat, said: "There is no Republican and no Democratic way to tell the truth. Today's bipartisan vote sends a simple message: Nobody, no matter how high or how mighty, is above the law."

There are 11 Democrats and 7 Republicans on the subcommittee. It could not be determined which member was not present for the vote today, which was taken in a closed session.

The lawmakers said it appeared that Mr. Deaver alone among the many people they interviewed was untruthful. A statement by six Republican members of the committee said that "many present and former Administration officials have made a good-faith attempt to be forthcoming" but "Mr. Deaver's testimony was the unfortunate exception to the rule. Mr. Deaver, for whatever reason, failed to provide full and accurate information on matters material to the subcommittee's investigation."

The statement went on to say that "Mr. Deaver's lack of candor in no way reflects on those in the Administration with whom he had contact" and added, "We are satisfied that the Reagan Administration's conduct in this case has been ethically and legally correct."

Mr. Dingell, when asked specifically if he agreed with that statement, declined to go so far. "Many people in the Administration were found to be truthful," he said.

The 50-page report, assembled by the

committee staff, includes excerpts of testimony by Mr. Deaver and by Fred F. Fielding, the former White House counsel; various letters and memos, and a review of interviews with Administration officials and others contacted by Mr. Deaver or others in his Washington firm, Michael K. Deaver & Associates.

The most widely discussed accusations against Mr. Deaver have concerned the Ethics in Government Act, which restricts the activities of former high Government officials. Among other allegations, Mr. Deaver has been accused of improperly lobbying for Canada on the issue of acid rain. But when Mr. Seymour was appointed by a Federal court, he was also charged with investigating "any related matters and other allegations or evidence of violation of any Federal law."

The ethics act carries a maximum penalty of a \$10,000 fine and two years in jail. Federal perjury carries a maximum penalty of a \$10,000 fine and five years in jail. Obstruction of justice carries a maximum penalty of a \$5,000 fine and five years in jail.

Mr. Seymour had no comment on the committee's move today, according to his office in New York.

Contact With Envoys

The report is very detailed, with long chronologies of Mr. Deaver's dealings on the matters examined.

It said that when Mr. Deaver was asked to specify any American ambassadors with whom he discussed his business dealings, he failed to disclose contacts with Richard R. Burt, the envoy to West Germany, and Mike Mansfield, who represents the United States in Tokyo.

The report said that Mr. Deaver asked Mr. Mansfield for embassy assistance in getting Japan to give tax abatements to Japanese companies investing in Puerto Rico, which had hired him as a lobbyist.

It said that Mr. Burt had assisted Mr. Deaver in arranging a meeting with West Berlin officials concerning plans for the celebration of the city's 750th anniversary. The lobbyist was proposing to market the 1987 gala in the United States. Under a section headed "criminal intent," the report says Mr. Deaver "knowingly and willfully" failed to disclose his contacts with Mr.

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Burt.

Regarding Rockwell, Mr. Deaver said he told his client that he was going to meet with James C. Miller 3d, the budget director, on Feb. 27 of this year, and that he reported back to the company, the report said. But the subcommittee staff said Rockwell disputed Mr. Deaver's statements. In addition, Mr. Deaver told the subcommittee that his staff prepared a list of questions that he sent to Mr. Miller about the B-1 bomber on Feb. 28, when Rockwell said the questions were prepared by the company. Rockwell said Mr. Deaver had requested the detailed questions and needed them quickly and that Rockwell had told Mr. Deaver not to give them to anyone outside the lobbyist's office.

Warning on Impropriety

Regarding a call to Robert C. McFarlane, who was then the national security adviser, the report says that Mr. Deaver was specifically advised beforehand by Mr. Fielding, the White House counsel, that a meeting with Mr. McFarlane was improper. The call was about Section 936 of the Internal Revenue Service Code, involving continuing tax credits for Puerto Rico. Mr. Deaver had told the committee that he had never discussed any issue on behalf of his clients with any individual in the office of the President, according to testimony in the report. The National Security Council is part of the Executive Office of the President.

The report also details various other efforts by Mr. Deaver on behalf of his business contacts, including attempting to find out from the National Security Council last Oct. 1 if Kim Kihwan, a Korean trade official, was able to get a meeting with President Reagan. The New York Times reported on Monday that some State Department officials said Mr. Deaver played a key role in arranging the meeting, although the current White House counsel, Peter J. Wallison, said he could find no evidence that Mr. Deaver played a role. At the time the lobbyist was representing an agency financed by the South Korean Government.

House Panel Votes 17-0 For Deaver Perjury Probe

By Howard Kurtz
Washington Post Staff Writer

A House subcommittee voted unanimously yesterday to urge the independent counsel investigating former White House aide Michael K. Deaver to examine allegations of "perjury, false statements and obstruction of a congressional investigation" stemming from Deaver's sworn testimony before the panel in May.

A memorandum from subcommittee Chairman John D. Dingell (D-Mich.) charges that Deaver "knowingly and willfully testified falsely" in failing to tell the panel of his contacts as a lobbyist with former White House national security affairs adviser Robert C. McFarlane, U.S. Ambassador to West Germany Richard R. Burt and U.S. Ambassador to Japan Mike Mansfield.

The 17-to-0 vote in the Energy and Commerce subcommittee on oversight and investigations was the first official sign that the conduct of President Reagan's longtime confidant and former White House deputy chief of staff has become an issue of bipartisan concern.

Deaver telephoned McFarlane last summer as part of a lobbying effort to retain federal tax breaks for Puerto Rico, according to McFarlane's testimony. A subcommittee staff memo says that Deaver, apparently "with an intent to deceive," did not disclose the call when asked under oath whether he had contacted anyone in the Office of the President.

The 44-page staff memo also cites testimony from former White House counsel Fred F. Fielding that after the Deaver phone call, he warned Deaver and McFarlane that it would be improper for them to meet because of Deaver's status as a recent White House official.

Deaver "may have made other contacts with White House officials which he failed to disclose during his testimony," including the discussion with Fielding, the memo says.

Randall J. Turk, an attorney for Deaver, said yesterday, "We are confident that after a full and impartial investigation, Mr. Deaver will be cleared of any wrongdoing, including the suggestion today that he may possibly have committed perjury."

Turk said that "some of the subcommittee's members, and its staff, have now spent three months trying desperately to find a 'possible perjury' charge They did this because they could find no substantive

violation of criminal law. Flyspecking 5½ hours of testimony in a . . . memo does not support a perjury charge."

Turk added that it would have been "pointless" and "impossible" for Deaver to try to conceal his contacts with Burt and Mansfield.

In all but one instance, the panel's perjury allegations are based on omissions in Deaver's answers about his contacts with administration officials, rather than on the accuracy of statements he made.

Ranking subcommittee Republican Rep. Norman F. Lent (N.Y.), reading a statement signed by the panel's five other Republicans, said that Deaver "failed to provide full and accurate information on matters which were material to the subcommittee's investigation."

"Mr. Deaver's lack of candor in no way reflects on those in the administration with whom he had contact," Lent said. "We are satisfied that the Reagan administration's conduct in this case has been ethically and legally correct."

Lent added in an interview, "I think the president is prudent enough to stay away from any kind of vote of confidence in Mr. Deaver until all the facts are in."

Asked about Deaver yesterday in Springfield, Ill., Reagan said, "I've always said I have full confidence in him."

Dingell said, in announcing the vote, that "we are not a grand jury." But he said the panel had found "sufficiently serious conflicts" in Deaver's testimony to refer the matter to Whitney North Seymour Jr., the court-appointed independent counsel who has been examining whether Deaver violated conflict-of-interest laws after leaving the White House in May 1985 to become a lobbyist.

In his closed-door appearance May 16, Deaver cited South Korea, Singapore and India when asked to name the countries in which he had contacts with the U.S. ambassador. Asked if he had discussions with

other ambassadors, Deaver said "no."

The panel's memo charges that Deaver intentionally failed to disclose that he had met with Ambassador Mansfield in Japan last Jan. 20, a meeting that was confirmed to the panel by the State Department. Mansfield also accompanied Deaver at a meeting with Japanese Prime Minister Yasuhiro Nakasone, the panel said.

Deaver's contacts with Mansfield began in December 1985, when he sent Mansfield a letter from the governor of Puerto Rico, who was seeking an agreement under which Japan would grant tax benefits to Japanese companies that invested in Puerto Rico.

"I look forward to discussing this with you further when I visit Tokyo next month," Deaver wrote Mansfield, who confirmed the planned meeting.

The State Department later told both Mansfield and Deaver that it opposes the tax-benefit proposal on the grounds that Puerto Rico, as a

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U.S. commonwealth, should not negotiate its own international agreements. The panel said it would have been "particularly embarrassing" for Deaver, who had said he would not lobby against administration policy, to acknowledge that he continued to pursue the proposal.

The subcommittee also said Deaver intentionally failed to disclose his contacts with Ambassador Burt. It said that Deaver's lawyers had been told before the May hearing that he would be questioned about his contacts with U.S. ambassadors.

Based on testimony from Burt and other witnesses, the panel said that Burt had called Deaver and invited him to seek a contract to publicize the city of Berlin's 750th anniversary.

The panel said Deaver stayed at the ambassadorial residence in West Germany; that his airfare and that of an aide were reimbursed by the U.S. Embassy; that the embassy arranged a meeting between Deaver and Berlin officials; that Deaver had discussed his contract proposal with Burt, and that the embassy passed it on to Berlin officials.

The panel said Deaver's testimony "may have been influenced" by the fact that he helped select Burt for the diplomatic post as a member of a small White House group on ambassadorial appointments. It added that Deaver had helped arrange a job as Nancy Reagan's social secretary for Gahl Hodges, who later became Burt's wife and also aided Deaver on the Berlin proposal.

"Had Mr. Deaver testified truthfully regarding his contacts with Ambassador Burt, he would have acknowledged a possible attempt to use his influence and relationship with the ambassador to his financial benefit," the memo says. Burt has said he provided similar assistance to competing U.S. firms.

In his testimony, Deaver described two contacts with officials in the White House. One was a meeting with budget director James C. Miller III; the other involved a Deaver aide and a National Security Council staff member.

Deaver was asked: "Have you ever met or discussed with any individual within the Office of the President or the Office of Policy

Development any issues on behalf of your clients?" He replied, "No, sir," adding: "I didn't ever talk to anybody in the West Wing of the White House."

The panel said Deaver failed to reveal his call to McFarlane about Puerto Rican tax breaks on behalf of a brokerage firm with business on the island. Former White House counsel Fielding testified that McFarlane subsequently asked him whether it would be proper to meet with the lobbyist.

Fielding said he told McFarlane that such a meeting would be inappropriate and McFarlane agreed. Fielding said he repeated the warning to Deaver and William Sittmann, a vice president of Michael K. Deaver & Associates.

When he spoke to Deaver, Fielding testified, "Mr. Deaver was expressing, I guess, frustration, in that he wanted to meet—he had to meet with Mr. McFarlane . . . I just said simply he couldn't, it would not be appropriate for him to meet with him."

The panel said Deaver's account of his meeting last February with Miller, to urge further production of the B1 bomber, was false in several respects. Deaver testified that he told his client, Rockwell International, that he had met with Miller, but Rockwell officials said they were never informed of the meeting. Deaver also testified that his staff had prepared a one-page list of questions about the B1, which he sent to Miller, but Rockwell told the panel that the company had written it and had told Deaver not to give it to outsiders.

White House officials have argued there was no violation of conflict-of-interest laws because Miller's Office of Management and Budget is not technically part of the White House.

The independent counsel is also investigating whether Deaver violated conflict-of-interest laws by lobbying the administration on Canada's behalf about acid rain, an issue he had handled while in the White House. It is a criminal violation for a former federal official to lobby his former agency on any issue for one year after leaving government, or to lobby on any issue in which he was personally and substantially involved as a federal official.

Examples From Panel's Memo

Following are examples from a House subcommittee memorandum of allegedly false testimony by lobbyist Michael K. Deaver, the former White House aide.

■ Deaver failed to tell the subcommittee that he had telephoned then-White House national security affairs adviser Robert C. McFarlane last summer in an effort to retain tax breaks for Puerto Rico. Deaver also did not disclose that then-White House counsel Fred F. Fielding later warned him not to meet with McFarlane. Deaver had been asked to cite every instance in which he met with anyone from the Office of the President.

■ Deaver failed to tell the panel that U.S. Ambassador to West Germany Richard R. Burt had invited him to seek a public relations contract with the city of Berlin, put him up at the ambassadorial residence in February and set up a meeting for him with Berlin officials. Deaver had been asked to identify all countries in which he had met with the U.S. ambassador.

■ Deaver also did not disclose that he met with U.S. Ambassador to Japan Mike Mansfield in Tokyo last January, while lobbying for a plan under which Japan would grant tax breaks to companies investing in Puerto Rico.

■ Deaver testified that he told one of his clients, Rockwell International, that he had met with budget director James C. Miller III last February to discuss further production of Rockwell's B1 bomber. Rockwell officials told the subcommittee that Deaver never informed them of the meeting.

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NEWS IN BRIEF

Panel passes on evidence of alleged Deaver perjury

Washington

A House panel investigating Michael K. Deaver's lobbying business voted unanimously yesterday to refer evidence of possible perjury by the former presidential aide to an independent counsel.

The report from the House Energy and Commerce Committee found that Mr. Deaver "knowingly and willfully testified falsely regarding his contacts with US ambassadors and that his false testimony was material" to questions asked by the subcommittee during May 16 hearings, according to a memo by Rep. John Dingell (D) of Michigan, which accompanied the report.

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 The New York Times _____
 The Wall Street Journal _____
 The Chicago Tribune _____
 The Los Angeles Times _____
 The Christian Science Monitor p. 2 _____
 USA Today _____

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Excerpts of Report on Possible Perjury by Deaver

Special to The New York Times

WASHINGTON, Aug. 12 — Following are excerpts of a 50-page report by the staff of the House Energy and Commerce Subcommittee on Oversight and Investigations, regarding possible perjury by Michael K. Deaver, the former White House deputy chief of staff, in testimony before the subcommittee on May 16, 1986.

Introduction

The purpose of this memorandum is to advise the subcommittee of facts that support a conclusion that in his testimony before the subcommittee, Mr. Deaver may have violated Sec. 1621 of Title 18 of the U.S. Code regarding perjury, and as a consequence may have also violated Sec. 1001 and 1505 regarding false statements and obstruction of a Congressional investigation, and that these matters may be appropriate for referral by the subcommittee to the independent counsel.

Falsity of Testimony

The subcommittee has established through its investigation that Mr. Deaver's testimony regarding contacts with the Executive Office of the President, specifically with respect to Robert C. McFarlane, was false.

In an interview conducted on June 19, 1986, Mr. McFarlane advised the subcommittee staff that Mr. Deaver had telephoned him in July or August of 1985. After social conversation, including discussion of "life in the West Wing," Mr. Deaver raised the issue of Sec. 936 and the Puerto Rican tax credit. At the end of the conversation, Mr. Deaver suggested getting together.

Criminal Intent

We have concluded on the basis of the subcommittee's investigation that Mr. Deaver knowingly and willfully failed to disclose his contact on behalf of Puerto Rico with Mr. McFarlane during the summer of 1985 regarding the Administration's proposal to modify the tax credit available under Sec. 936 of the I.R.S. Code.

Mr. Fred Fielding, former counsel to the President, provided testimony before the subcommittee on June 10, 1986, which bears upon Mr. Deaver's intent. Mr. Fielding's testimony shows that Mr. Deaver, as well as his vice president, Mr. Sittmann, were advised of the impropriety of a contact with Mr. McFarlane on behalf of a client.

MR. McLAIN: Go ahead and explain the conversation.

He telephoned you, Mr. Fielding?

MR. FIELDING: I don't know if I called him or he called me. He was complaining because I had said that

he couldn't meet with McFarlane, Mr. McFarlane.

MR. McLAIN: Did that mean anything to you at the time?

MR. FIELDING: Yes. At the time it meant something to me, but I can't connect it up.

MR. McLAIN: So you at least had a conversation with Mr. Thompson prior to that?

MR. FIELDING: No. But I had at some point obviously said that such a meeting would not be appropriate because either someone had called Deaver or Deaver had called to follow up and request a meeting and was told and I obviously don't know what happened there.

MR. McLAIN: Why did you tell him it would not be appropriate?

MR. FIELDING: Because Mr. McFarlane was an assistant to the President.

While not discussed in detail, Mr. Deaver's failure to disclose his conversation with Mr. Fielding (described by Mr. Fielding) may represent another instance of false testimony. Mr. Fielding was counsel to the President and, as such, was in the Office of the President. When Mr. Deaver was asked specifically if he had contacts in the Office of the President, he responded "No."

It appears that Mr. Deaver's failure to disclose his contact with Mr. McFarlane and possibly with other White House personnel was done with an intent to deceive. This conclusion is buttressed by Mr. Deaver's unsolicited denial that he "didn't ever talk to anybody in the West Wing of the White House."

Deaver Testimony Re Contacts With Ambassadors

Prior to the subcommittee hearing on May 16, 1986, at which Michael K. Deaver appeared and testified, the subcommittee staff received information regarding Mr. Deaver's relationships with U.S. ambassadors. That information suggested that Mr. Deaver, while deputy chief of staff to the President, had a direct role in the selection and appointment of U.S. ambassadors and that, subsequent to his White House service, Mr. Deaver sought the assistance of certain United States ambassadors to enhance his personal financial interests.

Mr. Deaver was next examined regarding discussions which he may have had with United States ambassadors subsequent to his departure from the White House. During this testimony, Mr. Deaver failed to disclose significant contacts that he had with the U.S. Ambassador to Japan, Mike Mansfield, and with the U.S.

Ambassador to the Federal Republic of Germany, Richard Burt. The entirety of this discussion follows:

1. Falsity of Testimony Regarding Ambassador Mansfield

Following the subcommittee hearing, the staff received information indicating that Mr. Deaver's testimony may not have been truthful and accurate with regard to his contacts with United States Ambassador to Japan, Mike Mansfield. On June 2, 1986, the subcommittee obtained a copy of a Department of State cable from Secretary of State Shultz to the United States Embassy in Tokyo, Japan, on the subject of "Possible Japan/Puerto Rico Tax Sparing Agreement." This cable responds to a request of Ambassador Mansfield in Tokyo for guidance regarding the appropriateness of supporting Puerto Rico's efforts on behalf of a tax sparing agreement with Japan. The cable mentions the role of Michael K. Deaver and Associates in this matter and refers to a letter from Mr. Deaver on the subject.

Those documents reflect the following facts. By letter of December 19, 1985, Mr. Deaver transmitted to United States Ambassador Mansfield, a letter from the Governor of Puerto Rico to Mr. Mansfield seeking the Ambassador's support for the tax sparing agreement.

Criminal Intent

We conclude on the basis of the subcommittee's investigation that Mr. Deaver knowingly and willfully failed

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to disclose his contacts with Ambassador Mansfield.

2. Falsity of Testimony Regarding Ambassador Burt

2. Falsity of Testimony Regarding Ambassador Burt

We conclude on the basis of the subcommittee's investigation that Mr. Deaver knowingly and willfully failed to disclose his contacts with Ambassador Burt.

The following facts set forth in the chronology demonstrate the assistance provided to Mr. Deaver by Ambassador Burt:

¶ Ambassador Burt called Mr. Deaver and asked him to come to Berlin regarding the forthcoming 750th Berlin birthday celebration.

¶ Messrs. Deaver and Sittmann visited Berlin, stayed at the Ambassador's residence in that city, and their air fares were reimbursed through the embassy.

¶ As a result of an embassy-arranged meeting with West Berlin officials, Mr. Deaver was requested to prepare a proposal covering both a gala celebration and the marketing of it in the United States.

¶ The Deaver proposal was transmitted to the West Berlin officials through Mrs. Burt and embassy personnel.

¶ An embassy official attempted to arrange a meeting between Mr. Deaver and the Mayor of Berlin pursuant to Sittmann's request.

¶ Mr. Deaver discussed with Ambassador and Mrs. Burt the prospects for his proposal.

¶ Mr. Sittmann stayed in the Ambassador's residence a second time when he went back to Berlin to discuss the proposal.

Despite these recent contacts with Ambassador and Mrs. Burt (the latest less than two months prior to his testimony), Mr. Deaver failed to disclose them even though he was closely questioned on any and all contacts with U.S. Ambassadors subsequent to leaving the White House.

The repeated contacts and attempted contacts of the Burts by Mr. Deaver and Mr. Sittmann, subsequent to Mr. Deaver's appearance before the subcommittee on May 16, 1986, evidence an appreciation on the part of Mr. Deaver and his counsel for the significance of his testimony failing to acknowledge his prior contacts with the Ambassador.

Falsity of Testimony

The subcommittee's investigation, including an interview conducted on Aug. 6, 1986, with officials of Rockwell International Corporation, leads the staff to conclude that Mr. Deaver's testimony regarding his representation of Rockwell International Corporation was false in several respects.

To the question, "Did you discuss your meeting with O.M.B. Director Miller with Rockwell in advance?", Mr. Deaver responded, "I told them that I was going to call on Mr. Miller, yes." To the question, "And did you

report back to them following that meeting?", Mr. Deaver responded, "Yes, sir." Rockwell International Corporation officials told the subcommittee staff that the first they learned of any meeting between Mr. Deaver and Mr. Miller was when it was reported in the press some weeks later.

Following press accounts and subsequent inquiries from the independent counsel, Rockwell International Corporation undertook an extensive internal investigation regarding corporate knowledge of Mr. Deaver's activities allegedly carried out on their behalf. Rockwell informed the subcommittee staff that there were no discussions between Mr. Deaver and any official of Rockwell International Corporation since Mr. Deaver was retained in August 1985, at which the possibility was raised of a meeting or discussion between Mr. Deaver and O.M.B. Director Miller. According to Rockwell officials, Mr. Deaver never advised Rockwell that he intended to meet with Mr. Miller or that he had met with him. Rockwell officials further advised that they had never requested that Mr. Deaver meet with Mr. Miller.

Mr. Deaver was also questioned regarding the preparation of the questions which he transmitted to Mr. Miller on Feb. 28, 1986. Mr. Deaver testified that the questions were prepared by his staff; that they were a "pretty good staff," and that they may have had some assistance from Rockwell, but that the questions were prepared and typed in his office.

Rockwell International Corporation officials advised the Subcommittee staff that some time shortly after Feb. 14, 1986, Mr. Doug Elmets of Michael K. Deaver and Associates called Rockwell and talked with Mr. Dan Kennedy. Mr. Elmets told Mr. Kennedy that Mr. Deaver wanted some notes or thoughts on the B-1 bomber for people who might have an interest in that subject. Mr. Elmets advised that he needed this information right away. Mr. Kennedy prepared a one-page list of sixteen questions relating to the B-1 bomber or its alternatives. These questions were transmitted to Mr. Elmets without cover letter. According to the Rockwell officials, Mr. Kennedy made clear to Mr. Elmets that these questions were not to be given to anyone outside Mr. Deaver's office.

A copy of the questions prepared by Mr. Kennedy and transmitted to Mr. Elmets, together with Rockwell's transmittal letter to the subcommittee, are attached as Exhibit 3. The list prepared by Rockwell and transmitted to Mr. Deaver and the list provided by Mr. Deaver to Mr. Miller appear to be identical. Therefore, the truthfulness of Mr. Deaver's testimony regarding who prepared these questions and where they were prepared must be questioned.

Falsity of Testimony

EXHIBIT 1
THE WHITE HOUSE
WASHINGTON
June 4, 1985

MEMORANDUM FOR THE FILE
FROM: FRED F. FIELDING
I asked Bill Sittmann to come in to see me today. Although we have discussed (as recently as yesterday) the proscriptions and restrictions as to his and Mike Deaver's contacting White House people with regard to business, I have received reports today from several anxious people that they have been contacted about possible interviews with T.W.A. officials that may have emanated from Deaver Associates. I told Bill that under no circumstances could this go forward, that regardless of whether or not such contacts would technically violate the post-employment restrictions, that as a matter of appearance it would be improper.

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Reply by Deaver's Lawyers To Charges by House Panel

Special to The New York Times

WASHINGTON, Aug. 12 — Following is a statement by Miller, Cassidy, Larroca & Lewin, the law firm of Michael K. Deaver, responding to charges today that the former White House deputy chief of staff may have committed perjury in testimony before the committee:

Mr. Deaver voluntarily, without subpoena, appeared before the Dingell subcommittee in May. During five and one-half hours of testimony, he answered every question put to him by the subcommittee concerning a broad time frame and a broad range of issues. Some of the subcommittee's members and its staff have now spent three months trying desperately to find a "possible perjury" charge, while simultaneously refusing to provide Mr. Deaver with a copy of the transcript of his testimony. They did this because they could find no substantive violation of a criminal law. Flyspecking five and one-half hours of testimony in a 42-page memo does not support a perjury charge.

The subcommittee staff's memo apparently deals with three areas of Mr. Deaver's testimony: His meeting with Jim Miller at O.M.B. on behalf of Rockwell; contacts he had with people in the White House on behalf of his clients; and discussions he had with U.S. Ambassadors assigned to foreign countries he represented, or in which he had clients.

As to the meeting with Jim Miller at O.M.B., we have testimony and documents that support Mr. Deaver's

testimony.

As to the claimed McFarlane telephone call, that is a matter that has previously been referred to Independent Counsel Whitney North Seymour, and our policy is to refrain from commenting on such matters.

The claim that Mr. Deaver failed to disclose meetings with Ambassadors Mansfield and Burt is specious. He testified concerning all ambassadors about whom he was questioned, and neither of these Ambassadors are stationed in countries that Mr. Deaver represents or in which he has clients. Concealing his contacts with Ambassador Mansfield or Ambassador Burt would have been pointless. First, there was no reason to do so; his contacts with neither Ambassador were improper in any way. Second, many people, including State Department officials, knew of the meetings, and it would obviously be impossible to hide that such meetings took place.

We are confident that after a full and impartial investigation, Mr. Deaver will be cleared of any wrongdoing, including the suggestion today that he may possibly have committed perjury.

The Washington Post _____
 The Washington Times _____
 Daily News (New York) _____
 The New York Times B7 _____
 The Wall Street Journal _____
 The Chicago Tribune _____
 The Los Angeles Times _____
 The Christian Science Monitor _____
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BRIEFLY / Nation

Deaver seeks check on media

Former White House aide Michael K. Deaver has asked the Supreme Court to overturn a federal appellate ruling last month that jury selection in his temporarily-aborted perjury trial was improper because reporters were barred from some juror questioning.

Facing a new trial date of Oct. 19, the former Reagan adviser-turned-lobbyist yesterday asked the high court for an expedited ruling that would again permit reporters to be excluded from out-of-court questioning of potential jurors.

Questions touching on "deeply personal" matters, such as a prospective juror's political affiliation and family experience with alcoholism and drug abuse, should be asked in private "to ensure the maximum disclosure of information necessary to protect a defendant's constitutional right to a fair and impartial jury," Mr. Deaver's attorneys said in their petition.

The Washington Post _____
 The Washington Times A4
 Daily News (New York) _____
 The New York Times _____
 The Wall Street Journal _____
 The Chicago Tribune _____
 The Los Angeles Times _____
 The Christian Science Monitor _____
 USA Today _____

Date 8-28-87

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Deaver Cites Alcoholism as Perjury Trial Defense

By PHILIP SHENON

Special to The New York Times

WASHINGTON, Oct. 2 — Michael K. Deaver may have given false information to a Federal grand jury because of alcoholism and use of the tranquilizer Valium, his lawyers suggested in court documents made available today.

In their first public admission of Mr. Deaver's alcoholism, the defense lawyers said the lobbyist and former White House aide was hospitalized three times in 1985 and 1986 for serious ailments linked to his drinking problem, including kidney failure.

The court documents were released shortly after Judge Thomas Penfield Jackson ruled that Mr. Deaver could call expert witnesses in citing alcoholism as a defense in his trial for perjury, scheduled later this month.

Defense lawyers said in a brief filed in Federal District Court here that Mr. Deaver was hospitalized for detoxification several months after he appeared before a Federal grand jury that issued the indictment. Mr. Deaver is accused of lying to the grand jury and to Congress when he discussed his lobbying activities.

'A Drinking Alcoholic'

"Mr. Deaver plainly was a drinking alcoholic not only at the times about which he was testifying, but also at the times at which he testified," the lawyers said.

"No one in Mr. Deaver's medical condition could be expected to remember much of anything about certain periods of his life, particularly those in close proximity to his hospitalization."

The independent prosecutor in the case, Whitney North Seymour Jr., had attempted to block use of expert testimony about Mr. Deaver's alcoholism. Mr. Seymour was rebuffed by Judge Jackson, who ruled that it was a "classic jury question" to be settled at trial.

Specialists in criminal defense law said that an alcoholism-amnesia defense could be difficult to demonstrate but that it could build sympathy for Mr. Deaver among members of a jury.

According to the defense papers, Mr. Deaver, who had been the Deputy White House Chief of Staff, is now an "active member of Alcoholics Anony-

mous" and currently "in a state of recovery."

Mr. Deaver originally came under investigation by a grand jury on allegations that his lobbying activities violated Federal ethics laws; the laws limit business contacts between former Government officials and their former agencies.

Mr. Deaver was not indicted under those laws. Instead he was charged with lying to the grand jury and to Congress when he was questioned about details of his involvement with a series of clients, including Trans World Airlines and the Government of Canada.

But defense lawyers said that Mr. Deaver's recollection of the lobbying may have been affected by his drinking. The court papers left unclear how Mr. Deaver could have functioned on behalf of his clients while so seriously impaired by alcohol.

In court papers filed last April, but kept under seal, Mr. Deaver indicated he might cite alcoholism as a defense.

Mr. Deaver left the White House in May 1985 to form what became a multimillion-dollar public relations and consulting concern. On June 3, 1985, the defense papers said, Mr. Deaver was admitted to Georgetown University Hospital for "acute alcohol withdrawal and detoxification."

It was on that day, according to the court documents, that Mr. Deaver "is alleged" to have telephoned the Secretary of Transportation, Elizabeth Hanford Dole, regarding his representation of T.W.A.

Mr. Deaver is accused of lying when he told the grand jury that he could not recall contacting any Government official on the airline's behalf.

The defense papers suggested that Mr. Deaver was being truthful when he denied recollection of the contact with Mrs. Dole. "No one could be expected to recall much of anything under these circumstances," the brief suggested.

Within two days of his hospitalization, the documents said, Mr. Deaver was administered both Valium and another tranquilizer, Librium, "in an effort to keep his calm and to avoid any seizures during his withdrawal." The use of tranquilizers, the lawyers said, might also have affected Mr. Deaver's memory.

Legal specialists said that the defense strategy adopted by Mr. Deaver was risky, especially if members of the trial jury have had only limited involvement with alcohol.

"He's rolling the dice," said Greta C. Van Susteren, a Washington defense lawyer who teaches at Georgetown University. "It's an extremely difficult tactic because, while everybody has been drunk, Deaver had better hope that everybody on the jury panel has been so drunk that they have forgotten things."

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The Washington Post _____
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 The New York Times P. 7
 The Wall Street Journal _____
 The Chicago Tribune _____
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 The Christian Science Monitor _____
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Deaver Will Be Allowed to Cite Alcoholism at Perjury Trial

Associated Press

Former White House aide Michael K. Deaver yesterday won court permission to raise alcoholism as a defense at his upcoming perjury trial.

U.S. District Court Judge Thomas Penfield Jackson ruled the defense team can call expert witnesses to testify that Deaver's memory was clouded when he gave sworn testimony last year to a House subcommittee and a grand jury.

The panels were probing alleged violations of federal ethics law by the former White House deputy chief of staff. Deaver is charged with lying when he said he could not recall contacting former Reagan administration colleagues on behalf of clients after leaving the White House in May 1985 to found a public relations firm.

The defense intends to introduce evidence that Deaver's problems with alcoholism—and his hospitalization three times in 1985 and 1986—impaired his memory about events critical to evidence at the trial, which is set to begin Oct. 19.

In June 1985 he was admitted to Georgetown University Hospital for detoxification. During that time he is alleged to have made telephone calls to the administration on behalf of Trans World Airlines.

Defense attorney Randall Turk said Deaver was heavily sedated with valium on June 4, 1985, the day he

Deaver was also hospitalized in January 1985, for kidney failure related to alcoholism, Turk said. Turk also said Deaver was hospitalized for alcoholism in November 1986, some five months after he testified before the grand jury and the House Energy and Commerce oversight subcommittee.

The judge denied a motion by independent counsel Whitney North Seymour to exclude the medical evidence that Deaver plans to introduce at trial.

Marc Gottridge, an associate independent counsel, argued that Deaver's lawyers had not presented valid scientific evidence to show that alcoholism induced amnesia that prevented Deaver from accurately testifying.

"When you're talking about amnesia, you're talking about something that has a great capability to be faked," Gottridge said. "The question is whether there is something about his alcoholism that created something scientifically provable and demonstrable about his mental state" that impaired his memory.

Jackson called the factual dispute a "classic jury question" that can be settled during the trial.

At issue is whether alcoholism impaired Deaver's memory.

called White House aide Roger Porter. Deaver had been hired by TWA to help it thwart an ultimately successful takeover bid by financier Carl Icahn.

The defense will present evidence that Deaver was unable to remember this alleged telephone call because of his medical condition the day he placed it, according to court papers unsealed yesterday.

The Washington Post A7
 The Washington Times _____
 Daily News (New York) _____
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 The Wall Street Journal _____
 The Chicago Tribune _____
 The Los Angeles Times _____
 The Christian Science Monitor _____
 USA Today _____

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Deaver alcoholism defense allowed

From Chicago Tribune wires

WASHINGTON—Former White House aide Michael Deaver, revealing he twice was treated for alcoholism during the time he is charged with lying about his lobbying, can argue his drinking caused him to forget things, a judge ruled Friday.

Attorneys for Deaver, appearing at a hearing in U.S. District Court, revealed the former top aide to President Reagan had twice checked into a detoxification program at Georgetown University Hospital, the first time just weeks after he left his White House job. The hearing was called to address several motions pending before the scheduled start in two weeks of Deaver's trial on five counts of

lying about his post-government lobbying work.

Deaver is charged with lying when he said he could not recall contacting former Reagan administration colleagues on behalf of lobbying clients.

"He was a drinking alcoholic," said Deaver attorney Randall Turk, arguing that Deaver's condition impaired his ability to recall specific episodes while under oath before a federal grand jury and congressional subcommittee.

"No one will question people under the influence of alcohol have their memory impaired," Turk said.

U.S. District Judge Thomas Jackson, who will oversee the trial scheduled to begin Oct. 19, dis-

missed arguments by the independent counsel in the case, Whitney North Seymour, in allowing the defense to present expert testimony on the drinking issue.

Seymour's associate counsel, Marc Gottridge, argued that even while Deaver was in the hospital in June, 1985, he continued to make telephone calls on behalf of TWA for an estimated \$250,000.

Deaver left the White House staff in May, 1985, to begin a public relations business.

The defense will present evidence that Deaver was unable to remember this alleged telephone call because of his medical condition the day he placed the call, according to court papers unsealed Friday.

The Washington Post _____
 The Washington Times _____
 Daily News (New York) _____
 The New York Times _____
 The Wall Street Journal _____
 The Chicago Tribune Sept. 1, p. 5
 The Los Angeles Times _____
 The Christian Science Monitor _____
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Alky defense for Deaver

WASHINGTON — Former presidential aide Michael Deaver's repeated treatment for alcoholism may be raised as a defense to charges that he lied in sworn testimony about his lobbying business, a judge ruled yesterday.

At a pretrial hearing, U.S. District Judge Thomas Penfield Jackson rejected a prosecution motion to exclude expert testimony that Deaver's mental condition and memory were impaired when he was questioned last year by a federal grand jury and a House subcommittee.

The Associated Press

The Washington Post _____
 The Washington Times _____
 Daily News (New York) P-6 _____
 The New York Times _____
 The Wall Street Journal _____
 The Chicago Tribune _____
 The Los Angeles Times _____
 The Christian Science Monitor _____
 USA Today _____

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Supreme Court refuses to block Deaver ethics trial

By David G. Savage

Los Angeles Times

WASHINGTON — The Supreme Court, refusing to block the perjury trial of former White House aide Michael K. Deaver, yesterday declined to decide whether the independent counsel law was unconstitutional.

The one-sentence order removed the last obstacle before the scheduled Oct. 19 trial. However, the court order said almost nothing about how the justices viewed Deaver's argument that the 1978 Ethics in Government Act violated the Constitution's separation of powers doctrine.

Attorneys for Deaver, former National Security Council aide Oliver L. North and other former government officials have contended in court papers that, under the Constitution, the executive branch has "exclusive authority" to prosecute federal crimes. Under the 1978 law, independent counsels are appointed by a three-judge panel, part of the judicial branch.

Attorney General Edwin Meese 3d, as well as such predecessors as Griffin Bell during the Carter administration, also have believed the law to be unconstitutional. The law was enacted after the Watergate scandal to ensure independent government investigations.

Yesterday, the Supreme Court joined a series of lower courts in resisting efforts to decide the constitutionality question before an actual conviction. Deaver, a longtime confidant of President Reagan and his wife, Nancy, has yet to be tried. The justices refused to hear his appeal without comment.

Deaver resigned as deputy White House chief of staff in 1985 to form a lucrative lobbying firm. A year later, an independent counsel was appointed to investigate charges that

he had violated federal conflict of interest laws by lobbying his former White House colleagues.

Deaver pleaded not guilty to the conflict-of-interest charges but was charged in March 1987 with five counts of lying to a grand jury and to a House subcommittee investigating possible ethics violations in his lobbying on behalf of Canada and other clients.

In urging the Supreme Court to consider their pleas on the constitutional challenge before the trial, Deaver's attorneys said it would be "a monumental waste of government resources, as well as a severe and massive intrusion in individual rights" to let the trials proceed.

Despite yesterday's order, the Supreme Court is likely to consider the issue at some point, possibly even later in this term. Six independent counsels are known to be at work pursuing former and current federal officials, including Lawrence E. Walsh, who is investigating North's role in the Iran-contra affair.

But the case most likely to move to the Supreme Court is perhaps the most obscure. Since 1983, independent counsel Alexia Morrison has been compiling information on several former Justice Department lawyers who sought to withhold some documents in a scandal at the Environmental Protection Agency.

Recently, the former department officials refused to comply with further requests for information and were held in contempt of court. Their appeals of these charges are expected to move quickly through the courts and may prompt a high court review of the entire issue. Meese has sided in this case with the former officials and against the independent counsel.

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The Wall Street Journal _____
The Chicago Tribune _____
The Los Angeles Times _____
The Christian Science Monitor _____
USA Today _____
The Phila. Inq., 4-A

Date 10-6-87

Justice Dept. Calls the Prosecutor Of Deaver 'a Bull in China Shop'

By PHILIP SHENON

Special to The New York Times

WASHINGTON, Oct. 14 — A Justice Department spokesman today described Whitney North Seymour Jr., the special prosecutor in the perjury case against Michael K. Deaver, as "a bull in the china shop" who was threatening relations between the United States and Canada.

The spokesman, Patrick Korten, said in an interview that the department would go to court Thursday and might request a judge's order barring Mr. Seymour from unauthorized contacts with the Government of Canada and its Ambassador here.

The Canadian Embassy has protested an Oct. 2 letter from Mr. Seymour to an embassy lawyer. In the letter, Mr. Seymour warned that unless Ambassador Allan E. Gottlieb testified at Mr. Deaver's trial, prosecutors would be "forced" to "place much greater emphasis at the trial on the unlawful acts engaged in by Deaver when he was working for the Canadian Government."

Both the Justice Department and State Department have sided with Canada against Mr. Seymour, who, as a special prosecutor, operates independent of the Reagan Administration.

'Created Significant Crisis'

"This guy is a bull in the china shop when it comes to international relations," Mr. Korten said of the special prosecutor. "He's created the second significant crisis in our relations with Canada in a matter of months."

Through a spokeswoman, Mr. Seymour had no comment on the statements by Mr. Korten.

Last May, Mr. Seymour attempted to subpoena Ambassador Gottlieb and his wife, Sondra, to testify at the trial of Mr. Deaver about their dealings with him before he left the White House in 1985.

Mr. Deaver, who is scheduled to go on trial Monday, is accused of lying under oath when he said he could not remember conversations that took place regarding acid rain, which has emerged as a significant issue between the United States and Canada.

The subpoena for the Ambassador was quashed by a Federal judge who found that the Gottliebs were protected by diplomatic immunity.

The State Department has protested Mr. Seymour's attempts to deal directly with Canadian officials, which the department describes as a violation of protocol.

Mr. Korten said that Justice Department rules "prohibit any prosecutor from doing anything like this."

"Any prosecutor who needs to deal with foreign countries for any reason does so through the Department of State," he said. "It has got to go through diplomatic channels."

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Justice Dept. Seeks Censure Of Prosecutor

Seymour Pressured Canada About Deaver

By Bill McAllister
Washington Post Staff Writer

The Justice Department yesterday accused the independent counsel prosecuting former White House aide Michael K. Deaver of attempting to coerce the Canadian government into waiving its diplomatic rights and requested a court order censuring the prosecutor and restricting his contact with Canadian officials.

The department's extraordinary pleading came two days after it was revealed that independent counsel Whitney North Seymour Jr. had made a second effort to get Canadian Ambassador Allan Gotlieb to testify during Deaver's forthcoming trial on perjury charges. The Canadian government formally protested that effort as a violation of international law aimed at forcing it to waive Gotlieb's immunity from having to appear in a U.S. court.

Yesterday the Justice Department joined in denouncing Seymour in a strongly worded, eight-page statement to U.S. District Court Judge Thomas Penfield Jackson, who is presiding over the Deaver case, and in a sharper statement by a top Justice Department lawyer.

The department called Seymour's request for Gotlieb's testimony "an attempt to intimidate" and said it had become "a significant irritation in relations between the United States and Canada."

Jackson, who in June blocked Seymour from subpoenaing Gotlieb or his wife, Sondra, was urged to direct the prosecutor to send any future communications to Canadian officials "only through diplomatic channels" and to admonish Seymour "to desist from any efforts to threaten, embarrass or punish the Canadian government."

Seymour declined to comment on the Justice Department's action. The case against Deaver, who left his job as President Reagan's deputy chief of staff in 1985 to become a lobbyist, goes to trial Monday.

In an Oct. 2 letter to a lawyer for the Canadian government, Seymour said that if Gotlieb did not agree to testify, the prosecution would be forced "to place much greater emphasis at trial on the unlawful acts engaged in by Deaver when he was working for the Canadian government"

Acting Assistant Attorney General James M. Spears said in a statement yesterday the Canadians "quite understandably view this as an attempt to to intimidate"

Despite the harsh tone of both the statement and the court pleading, the Justice Department did not request a date for a hearing and may not seek one, a department spokeswoman said.

Deaver is charged with five counts of lying to a congressional subcommittee and a federal grand jury about the contacts he made with top administration officials on behalf of his lobbying clients.

One of those clients was the Canadian government, which hired Deaver to advise it on the U.S. government's policy on acid rain. Seymour has contended that Deaver lied when he said he had no knowledge of meeting with Gotlieb while he was still at the White House.

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Justice Department Urges Judge To Admonish Deaver Prosecutor

By PHILIP SHENON

Special to The New York Times

WASHINGTON, Oct. 15 — The Justice Department asked a Federal judge today to admonish the special prosecutor in the perjury case against Michael K. Deaver for attempting to coerce the Canadian Ambassador to testify at the trial of the former White House aide.

In a harshly worded court motion, the department said renewed attempts by the prosecutor, Whitney North Seymour Jr., to obtain trial testimony from the Ambassador were "inappropriate and inimical to the foreign policy interests of the United States."

"Canada should not now be subject to what reasonably can be perceived as an attempt to coerce relinquishment of its rights," the motion said.

The department joined with the State Department in protesting a letter, dated Oct. 2, that was sent by Mr. Seymour to a lawyer for the Canadian Embassy.

In the letter, Mr. Seymour said that unless Ambassador Allan E. Gottlieb testified at Mr. Deaver's trial, prosecutors would be forced to "place much greater emphasis at trial on the unlawful acts engaged in by Deaver when he was working for the Canadian Government."

Meetings About Acid Rain

Mr. Deaver, the former White House deputy chief of staff, is scheduled to go on trial Monday on charges that he lied to a Federal grand jury when, among other things, he denied knowledge of meetings that occurred before he left the Administration in 1985.

The grand jury had been investigating whether Mr. Deaver, who formed a multimillion-dollar lobbying business after he left the White House, violated Federal conflict of interest laws in his

lobbying efforts. Among his clients was the Government of Canada.

According to the perjury indictment, the meetings in question involved acid rain, an issue that has strained Canadian-American relations in recent years.

Mr. Seymour, who has consistently refused to talk with reporters about the case, declined to comment again today.

The Reagan Administration has been embarrassed by its inability to restrain Mr. Seymour, who, as a special prosecutor, is answerable to almost no one. And today's motion was a further sign of the Administration's frustration in dealing with an official who represents the United States but at the same time is essentially independent of the Government.

Diplomatic Immunity Cited

Mr. Seymour, the former United States Attorney in Manhattan, caused a furor last May when he attempted to subpoena Mr. Gottlieb, describing him as an essential prosecution witness.

In its eight-page motion filed in Federal District Court here, the Justice Department said the Ambassador was clearly protected by diplomatic immunity and could not be forced to testify at Mr. Deaver's trial.

Mr. Seymour's Oct. 2 letter, the department said, "caused a significant irritation in relations between the United States and Canada." It added, "Canada understandably perceives the independent counsel's letter as an attempt to pressure it, under a threat to embarrass that government, to relinquish its rights under international law."

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Deaver prosecutor faces call for curbs

REUTERS NEWS AGENCY

The Justice Department urged yesterday that the special prosecutor in the perjury case against former White House aide Michael Deaver be barred from any contacts with Canada over the testimony of its ambassador.

Department lawyers asked U.S. District Court Judge Thomas Jackson to require that special prosecutor Whitney North Seymour conduct any future contacts with Canada only through normal diplomatic channels.

They also asked Judge Jackson to admonish Mr. Seymour and to stop any attempts at trial to threaten Canada for asserting diplomatic immunity in refusing to allow its ambassador in Washington to testify.

"The United States asks only that the court monitor the case closely to ensure that there will be no attempts to embarrass or punish the government of Canada for asserting its rights under international law," the Justice Department said.

Judge Jackson last June quashed a subpoena requested by Mr. Seymour to force Canadian Ambassador Allan Gotlieb and his wife, Sondra, to testify at the trial, now set to start on Monday.

Mr. Seymour said their testimony would be crucial in proving Mr. Deaver lied about his business dealings with Canada on the acid rain issue after he left the White House in 1985 to set up his lobbying business.

The latest controversy stemmed from an Oct. 2 letter by Mr. Seymour warning that unless Mr. Gotlieb testified, prosecutors would be forced

to "place much greater emphasis at the trial on the unlawful acts engaged in by Deaver when he was working for the Canadian government."

Mr. Seymour said in the letter that Mr. Gotlieb's testimony would make "it unnecessary for us to emphasize these other events."

The Canadian government immediately issued a strongly worded protest to the State Department.

"Given the background of this case, the Canadians quite understandably view this as an attempt to intimidate," Deputy Assistant Attorney General James Spears said in a statement released with the court papers.

Mr. Spears said Mr. Seymour's letter was inappropriate and damaging to U.S.-Canadian relations.

"The fact that Seymour chose to ignore normal diplomatic channels in communicating with the Canadians only underscores their suspicions," he said.

Mr. Spears noted that Mr. Seymour as a special prosecutor operates independently of the Reagan administration.

Mr. Deaver, a long-time confidant to President and Mrs. Reagan, has pleaded not guilty to a five-count indictment charging him with lying before Congress and the grand jury about his lobbying affairs.

One count alleged that Mr. Deaver lied under oath when he said he could not remember a luncheon with the Gotliebs that occurred while the United States and Canada prepared for a summit dealing with the acid rain controversy.

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Canada Dispute Sensationalized, Seymour Asserts

By Bill McAllister
Washington Post Staff Writer

Independent counsel Whitney North Seymour Jr. accused the Canadian government and the Justice and State departments yesterday of creating a sensationalized and unfounded "cause celebre" out of his request for a diplomat's testimony.

Seymour, who is prosecuting former White House deputy chief of staff Michael K. Deaver on perjury charges, was responding to a Justice Department complaint about his conduct filed with the U.S. District judge in the Deaver case. In a 10-page response, he called it "a partisan document . . . wholly without merit and . . . an inexcusable attempt to embroil the court in a political controversy."

The Justice Department had attacked him earlier and Canada, he suggested, wanted "to divert attention from the unpleasant truth."

Canada was one of Deaver's major lobbying clients after he left the White House. Seymour has accused Deaver of lying about his contacts with top Reagan administration officials, contacts he allegedly made on behalf of Canada and others.

Seymour called charges that he breached an agreement with Justice Department officials by seeking the testimony of Canadian Ambassador Allan Gotlieb a second time "a complete fabrication." He insisted all his contacts with Canada's government were proper.

"It is true that I owe him [Seymour] an apology," Justice spokesman Patrick S. Korten said last night. "It is incorrect to say that there was an agreement" binding Seymour to make all his Canadian contacts through diplomatic channels.

But Korten said Seymour's effort to subpoena the ambassador still "has created serious difficulties for us with one of our closest allies."

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Deaver Prosecutor Terms Allegations False

WASHINGTON, Oct. 16 (AP) — Whitney North Seymour Jr., the special prosecutor, today accused the Justice Department and Canada of orchestrating "false accusations" about his attempt to persuade the Canadian Ambassador to testify at the perjury trial of Michael K. Deaver, the former White House aide.

In a court filing on the eve of Mr. Deaver's trial, Mr. Seymour charged that Canada and the Justice Department were waging "a P.R. campaign" in response to his Oct. 2 letter urging Ambassador Allan E. Gottlieb to waive diplomatic immunity and testify.

Mr. Seymour's letter stated that without Mr. Gottlieb's testimony he would be forced to emphasize "the unlawful acts engaged in by Deaver" when he worked as a \$105,000-a-year lobbyist for Canada. Responding to what he called a "partisan document" filed by the Justice Department, Mr. Seymour denied that he was threatening to embarrass Canada when Mr. Deaver goes on trial next week.

"The letter did not contain a threat but a statement of fact, and an invitation to work things out to mutual advantage," Mr. Seymour said in papers filed with Federal District Judge Thomas Penfield Jackson, who will preside at Mr. Deaver's trial.

'Unpleasant Truth' at Trial

"Canada decided instead to attempt to make the letter a cause célèbre, conceivably to divert attention from the unpleasant truth which they now realize will emerge at trial," Mr. Seymour said.

"The result has been much colorful publicity, false accusations against this office and unwarranted application to this court," Mr. Seymour said of the Justice Department's motion on Thursday that he be admonished against

Seymour accuses the Justice Dept. and Canada of waging 'a P.R. campaign.'

trying to "threaten, embarrass or punish the Canadian Government for asserting the immunity of its diplomats."

Mr. Deaver, the former deputy White House chief of staff, is charged with lying to a grand jury and a House subcommittee that investigated allegations that his lobbying violated conflict-of-interest laws.

Among other things, Mr. Deaver is charged with lying when he said he could not recall a Jan. 5, 1985 luncheon he had with Mr. Gottlieb and his wife, Sondra. Mr. Deaver is also accused of lying when he said he was not involved with the decision to select Drew Lewis as the United States envoy to Canada on the issue of acid rain.

Mr. Seymour had said he intended to introduce evidence that Mr. Deaver violated conflict-of-interest laws when he met with Mr. Lewis and Mr. Gottlieb while working for Canada.

Protest Over Subpoenas

The special prosecutor provoked a furious diplomatic protest last May when had subpoenas served on the Gottliebs at the Canadian Embassy. The State Department quickly joined Canada's successful fight to quash the subpoenas on the ground that the Gottliebs were protected by diplomatic immunity.

Mr. Seymour said his private letter

to Stuart Pierson, an attorney representing the Canadian Embassy, "was entirely proper, notwithstanding the reckless charges of the representatives of the Department of Justice in the papers and in related public statements."

The prosecutor called the Justice Department's motion "an inexcusable attempt to embroil the court in a political controversy."

Mr. Seymour accused the department of concocting a "complete fabrication" when it asserted that he had violated an understanding made last spring with the State Department to use diplomatic channels to contact Canada.

The prosecutor said he had extensive discussions with Mr. Pierson last spring, when the embassy's attorney indicated Mr. Gottlieb was considering testifying voluntarily.

He said it was from Mr. Pierson, not the State Department, "that our office later learned that the Government of Canada had decided not to permit Ambassador Gottlieb to testify at the Deaver trial."

He said, "We have never been requested by Mr. Pierson, by the State Department, or by the Department of Justice to cease dealing with Mr. Pierson in connection with preparations for trial of the Deaver case or to send our communications on that subject by any other route than to Mr. Pierson."

A Justice Department spokesman, Patrick Korten, apologized for suggesting that Mr. Seymour had violated an understanding with the State Department about contacting Canada.

But Mr. Korten rejected Mr. Seymour's demand that he apologize for saying the special prosecutor had violated Justice Department regulations by directly contacting Canada.

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Jury Selection Under Way in Deaver Trial

Views on Alcoholism, Politics Weighed

By Bill McAllister
Washington Post Staff Writer

Lawyers began selecting a jury yesterday for the perjury trial of former White House aide Michael K. Deaver, signaling by their questions that opinions about alcoholism and the Reagan administration will figure heavily in their choice of jurors.

Deaver, former deputy chief of staff at the White House and the president's longtime confidant, has indicated that alcoholism will be one of his defenses. The five-count indictment charges him with lying to a congressional subcommittee and a federal grand jury during an investigation of his lobbying activities on behalf of Canada and other clients.

U.S. District Court Judge Thomas Penfield Jackson began the proceeding with a promise that the jury would be "openly empaneled," a reference to an appeals court ruling this summer that forced him to stop questioning potential jurors privately.

Yesterday, the Supreme Court declined to reconsider the appeals court decision.

Nine of the 15 individuals questioned yesterday, however, also were interviewed quietly at the judge's bench, an acceptable practice when an intensely personal or embarrassing issue is involved.

Several potential jurors said they had serious misgivings about the administration's political agenda although all of them said it would not affect their ability to decide the Deaver case.

"Their track record hasn't been

real good," potential juror Jeffrey Bolen said. He created one of the day's few humorous moments when he was asked how long he had viewed the administration unfavorably.

"Since January 1981," he replied, referring to the month Reagan took office. Deaver and Judge Jackson, a Republican appointee, smiled.

Meanwhile, independent counsel Whitney North Seymour Jr. charged in a court filing yesterday that Deaver's lawyers had sought to play down Deaver's participation in National Security Council meetings. "He was a functioning adviser to the president . . . on foreign as well as domestic matters," Seymour said. "He did not have to be a Henry Kissinger to make suggestions or give advice that had a substantial impact on international issues."

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Deaver Jury Selection Starts; Panel Is Questioned in Public

WASHINGTON, Oct. 19 (AP) — Jury selection began today in the perjury trial of Michael K. Deaver as the Supreme Court rejected the former White House aide's request to allow lawyers in the case to question prospective jurors in private.

The Court rejected without comment Mr. Deaver's argument that allowing public questioning of jurors would jeopardize his chances for a fair trial.

Mr. Deaver, a former deputy White House chief of staff, is charged in Federal District Court with lying to a Federal grand jury and a House subcommittee that investigated his lobbying activities for possible ethics law violations.

The list of possible witnesses includes President Reagan and his wife, Nancy, both close personal friends of Mr. Deaver, as well as a such current and former senior Administration officials as Secretary of State George P. Shultz, Treasury Secretary James A. Baker 3d, Attorney General Edwin Meese 3d and Defense Secretary Caspar W. Weinberger.

Panel of 100 Is Sworn

Today Federal District Judge Thomas Penfield Jackson swore in a panel of 100 prospective jurors and told them the jury would be "openly impeached in this courtroom."

"I want you to ask yourself: 'Do I have any reason to question my impartiality?'" Judge Jackson said, adding that prospective jurors should determine whether they had any opinions that would "prevent you from rendering a fair and impartial verdict."

Judge Jackson said he might be forced to sequester the jury once the trial got under way, but only as a last resort. The judge estimated that the trial could last three to five weeks, once the jury was seated.

Mr. Deaver, who is a recovering alcoholic, contends that heavy drinking and treatment for alcohol withdrawal so impaired his memory that he was not lying when he testified that he could not recall contacts with former Reagan Administration officials.

Political Factor Addressed

The defense asked prospective jurors if they thought alcoholism was a disease or whether the inability to control drinking indicated personal weaknesses. The prosecution asked if the jurors thought alcoholism impaired memory.

The lawyers also asked whether jurors' political opinions about the Reagan Administration would hurt their ability to impartially judge the case against Mr. Deaver.

"My feelings run pretty high against this administration," said one prospective juror, who said his wife viewed the Deaver case as "another Reagan morally offensive situation."

The defense team headed by Herbert J. Miller Jr. had sought to question

jurors about their attitudes toward alcoholism in private in order to elicit more candid answers.

The trial's original start in July was delayed when a Federal appeals court ordered Judge Jackson to conduct jury selection in open court rather than in the jury room. The High Court's refusal to consider Mr. Deaver's appeal let stand the ruling by the appeals court.

Jurors, however, were given an option to be questioned at the bench out of hearing of spectators about matters they considered "deeply personal." Three of the first six prospective jurors were called to the bench to answer some questions.

The trial caps an increasingly bitter eight-month legal fight that has included appeals court challenges to the legal authority of the independent special prosecutor, Whitney North Seymour Jr.

An appellate court ruling in favor of an unrelated challenge to the constitutionality of court-appointed special prosecutors is expected this month and would prompt a defense move to dismiss the indictment against Mr. Deaver.

Mr. Seymour's recent attempt to persuade Canada to waive diplomatic immunity and allow Ambassador Allan Gottlieb to testify about a Jan. 5, 1985, luncheon he had with Mr. Deaver drew a harsh public response from Canada last week. Ottawa accused Mr. Seymour of "attempted intimidation." The prosecutor responded by accusing Canada of creating a "cause célèbre."

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Deaver jury picks focus on alcoholism

By Ralph Soda
 USA TODAY

The perjury trial of former White House aide Michael Deaver began Monday with the defense and prosecution focusing on prospective jurors' views on alcoholism.

Deaver, 49, is accused of five counts of lying about his lobbying activities to Congress and a grand jury led by special prosecutor Whitney North Seymour.

Deaver's defense lawyers say his judgment was impaired by an alcohol problem when he testified before Congress and the grand jury about his lobbying activities after he left the White House.

U.S. District Judge Thomas Jackson estimated the trial will take six to eight weeks after jury selection, which is expected to last through the week.

"Both the government and Deaver are entitled to a com-

pletely fair trial," Jackson said.

The Supreme Court Monday let stand a lower-court ruling against secret jury selection.

Jackson wanted secret selection to protect potential jurors from embarrassment over questions about experiences with and views on alcoholism.

The charges carry a maximum penalty of 25 years in prison and \$34,000 in fines.

Deaver was indicted under the 1978 Ethics in Government

Act, being challenged in court.

Two other Reagan administration officials also are being investigated under the act.

Former Reagan aide Lyn Nofziger was charged with illegal lobbying activities by a special prosecutor probing Wedtech, a New York defense contracting firm.

Attorney General Edwin Meese also is under investigation by a special prosecutor in the Wedtech scandal.

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Deaver goes on trial, loses bid for secret jury selection

By George Archibald
THE WASHINGTON TIMES

Former presidential aide Michael K. Deaver went on trial yesterday on perjury charges after losing a last-ditch appeal to the Supreme Court to have jury selection conducted in secret.

Without comment, the high court rejected Mr. Deaver's claim that open questioning of potential jurors about their experience with alcoholism and drug abuse could hurt his chance for a fair trial.

After swearing in about 100 prospective jurors, U.S. District Judge Thomas Penfield Jackson announced from the bench that a jury of 12 men and women and a group of alternates would be "openly impaneled in this courtroom."

Mr. Deaver, who served as President Reagan's deputy chief of staff from 1981 to 1985, was indicted March 18 on charges he lied to a federal grand jury and congressional investigating committee during a conflict-of-interest probe of his lobbying activities after he left the White House.

In a 17-page indictment, Mr. Deaver is accused of giving false testimony in more than a dozen instances.

His lawyers have said they will argue that Mr. Reagan's longtime confidante lied because his memory was blurred by alcoholism and use of prescription tranquilizers.

Yesterday, the defense lawyers started closely questioning jurors in order to weed out any with negative attitudes toward persons with drinking or drug problems. Jury selection is expected to take one or two weeks. Judge Jackson announced the trial would last three to five weeks.

A list of 214 prospective witnesses was included as part of a 10-page written questionnaire that jurors were asked to complete before oral questioning by defense lawyers, Mr. Seymour and Judge Jackson began yesterday afternoon.

The witness list includes the president and First Lady Nancy Reagan; Secretary of State George Shultz; Attorney General Edwin Meese III; Treasury Secretary James Baker; Defense Secretary Caspar Weinberger; former White House Chief of Staff Donald Regan; former Transportation Secretary Elizabeth Dole and James Burnley, has been chosen to succeed her; former National Security Advisers Robert C. McFarlane and John Poindexter; Budget Director James C. Miller and his predecessor David A. Stockman.

An attempt to start the trial this summer failed when news organizations appealed Judge Jackson's attempt to bar the public from juror questioning. An appeals court ordered the questioning to be conducted in public.

Earlier, the Supreme Court re-

jected Mr. Deaver's constitutional challenge of the Ethics in Government Act, which provides for appointment of independent counsels to investigate alleged wrongdoing by current and former top-level government officials.

Mr. Deaver has accused Mr. Seymour of conducting a political vendetta against him. The special prosecutor is a moderate Republican once opposed for a U.S. Senate bid by Citizens for Reagan.

Last week, Mr. Seymour drew protests from Canada and the Justice Department after he tried to pressure Ambassador Allan Gotlieb to waive diplomatic immunity in order to testify at the Deaver trial.

Mr. Deaver, 49, signed a \$105,000-a-year contract to represent Canada on the acid rain issue shortly after he left the White House in May 1985. Mr. Seymour wants Mr. Gotlieb to testify about a Jan. 5, 1985, luncheon he had with Mr. Deaver.

Mr. Deaver is accused of lying when he said he couldn't recall lunching with the ambassador. After the luncheon, according to pretrial affidavits by several administration officials, Mr. Deaver started actively pushing Canada's proposal for appointment of an acid rain envoy to negotiate U.S. cleanup of smoke-stack industry pollution.

Mr. Deaver is charged with lying when he denied participating in the White House decision to appoint Drew Lewis as special U.S. acid rain envoy to Canada.

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Open selection of jury in Deaver trial begins

WASHINGTON (AP)—Former presidential aide Michael Deaver went on trial Monday on perjury charges as the U.S. Supreme Court let stand a ruling that jury selection generally must be conducted in public.

The justices, without comment, rejected Deaver's arguments that barring secret questioning of potential jurors could hurt his chances for receiving a fair trial.

Deaver's trial, which caps a legal brawl between prosecutors and defense attorneys, began with jury selection in U.S. District Court.

Deaver, a high-ranking member of President Reagan's staff from 1980 through 1985, was indicted earlier this year on charges he lied about his lobbying activities to a federal grand jury and a House subcommittee that investigated him for alleged ethics law violations.

U.S. District Judge Thomas Penfield Jackson swore in a panel of about 100 prospective jurors, who were told the jury would be "openly impaneled in this courtroom."

"I want you to ask yourself, 'Do I have any reason to question my own impartiality?'"

Jackson told jurors before distributing a 10-page questionnaire.

The form asked jurors to indicate if they had any "personal or family" connection with 214 prospective witnesses, including President Reagan and his wife, Nancy.

An earlier attempt to pick a jury was aborted when news organizations appealed Jackson's attempt to question prospective jurors behind closed doors. An appeals court ordered Jackson to conduct questioning of jurors in public.

There also have been appellate court challenges to the legal authority of independent counsel Whitney North Seymour Jr. to prosecute the case as well as diplomatic protests from Canada to the prosecutor's unsuccessful attempt to subpoena Canadian Ambassador Allan Gotlieb.

Deaver signed a \$105,000-a-year contract to represent Canada shortly after he resigned as deputy White House chief of staff in May, 1985. Seymour wants Gotlieb to testify about a Jan. 5, 1985, luncheon he had with Deaver.

Deaver is accused of lying when said he couldn't recall lunching with Gotlieb.

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Date 10-20-87

Deaver Case Judge Backs Prosecutor

Pressure on Canada Draws No Rebuke

By Bill McAllister
Washington Post Staff Writer

The judge presiding over the perjury trial of former White House aide Michael K. Deaver rejected a Justice Department plea yesterday to admonish Deaver's prosecutor for his attempt to get a Canadian diplomat to testify.

Saying he failed to see "anything wrong, unethical or improper" with the effort, U.S. District Court Judge Thomas Penfield Jackson brushed aside arguments that the attempt by independent counsel Whitney North Seymour Jr. to secure the testimony of Canadian Ambassador Allan E. Gottlieb had created an international incident. Jackson suggested that Canada may have "engineered" its own professed embarrassment over the incident.

The judge's comments came shortly after lawyers agreed on a panel of seven men and nine women to hear the five counts of perjury against Deaver. The panel, which includes four alternates, is expected to be sworn in this morning for a trial that the judge has said will last three to five weeks.

With the jury dismissed, the judge turned to what he called "the Canadian overture." The acrimony between Seymour and lawyers for Deaver, President Reagan's former deputy chief of staff, then resurfaced.

Despite arguments by Justice Department lawyer David Anderson and chief defense lawyer Herbert J. Miller Jr. that Seymour had threatened the Canadians, the judge sided with Seymour. He noted that the prosecutor's dealings with Stuart F. Pierson, a Washington lawyer for the Canadian government, apparently had that country's blessing and said the alleged threat to Can-

ada was nothing more than typical language used by many lawyers.

In an Oct. 3 letter to Pierson, Seymour said he would be "forced . . . to place much greater emphasis at trial on the unlawful acts engaged in by Deaver when he was working for the Canadian government" if Gottlieb did not testify.

Deaver, who counted Canada among his lobbying clients after he left the White House in 1985, was infuriated by the remark, his lawyer said, because it implied that he had committed crimes for which he hasn't been charged. "I say, your honor, it is wrong," Miller said, refusing to back down from his charge of improper conduct by the prosecutor.

The Canadian government, which earlier had asserted Gottlieb's diplomatic immunity from testifying, filed a formal protest with the State Department over the letter, noting that Jackson had quashed an effort by Seymour to subpoena the ambassador.

That protest triggered yesterday afternoon's request by the Justice Department that Seymour be ordered to send his communications with foreign countries through diplomatic channels and that he be admonished for his letter to Pierson.

Jackson turned the requests aside, saying in effect that Canada had invited the prosecutor to communicate with it via Pierson. "It's Canada's choice" whether to communicate that way or through the State Department, the judge said.

Jackson also indicated that he will allow Seymour to introduce evidence about "other crimes" that Deaver may have been seeking to shield from investigators when he allegedly lied to a House subcommittee and a federal grand jury. The judge said he would, however, probably issue an order restricting the language that the prosecutor could use in describing the acts to the jury.

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Date 10-27-87

Justice accused of aiding defense in Deaver's trial

THE ASSOCIATED PRESS

Independent counsel Whitney North Seymour Jr. yesterday accused the Justice Department of aiding the defense of lobbyist Michael K. Deaver as jury selection continued in the former White House aide's perjury trial.

U.S. District Judge Thomas Penfield Jackson completed the process of excusing potential jurors he determined were ineligible to serve because of personal circumstances or answers they gave during questioning that indicated a bias against Mr. Deaver.

Mr. Deaver, a former White House deputy chief of staff, is charged with lying to a federal grand jury and a House subcommittee that investigated his lobbying for possible ethics law violations.

Lawyers made preparations for final selection of jurors and further arguments on pretrial motions.

Mr. Seymour's latest filing revived the controversy over his un-

successful attempt to persuade Canada to allow its ambassador to the United States to testify as a prosecution witness once the trial proceeds later this week.

Mr. Seymour accused the Justice Department of coordinating its filing of legal briefs on the Canadian matter with Deaver's lawyers.

The independent counsel asked Judge Jackson "to conduct an inquiry into the propriety of Justice Department efforts to aid the defendant in a criminal prosecution brought by independent counsel."

Mr. Seymour charged there was evidence of "the existence of a prearrangement between Mr. Deaver's counsel and the Department of Justice."

"To borrow a phrase from Shakespeare, 'There's something rotten' in the way these applications have been initiated and pursued," Mr. Seymour said in his brief.

Defense lawyers did not have any immediate comment on the filing.

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Justice Department Accused Of Collusion in Deaver Case

By BEN A. FRANKLIN

Special to The New York Times

WASHINGTON, Oct. 26 — The special prosecutor in the perjury trial of Michael K. Deaver accused the Reagan Administration today of seeking "improperly to influence the outcome" of the case.

The trial of Mr. Deaver, a former deputy White House chief of staff and a close friend of the President and Nancy Reagan, is set to open Tuesday, and jury selection was completed today in Federal District Court here.

The charge by the special prosecutor, Whitney North Seymour Jr., came in connection with his efforts to gain the testimony of Canada's Ambassador to the United States, Allan E. Gotlieb. Mr. Deaver set up a lobbying firm after he left the White House in 1985, and a charge against him is that he lied about his actions in behalf of Canada regarding American policy on acid rain.

Collusion Is Charged

The Canadian Government has refused to allow Mr. Gotlieb to be subpoenaed for the trial. Mr. Seymour, in private communications with a lawyer representing Canada, has asked Ottawa to reconsider, and the Justice Department has objected to his action outside regular diplomatic channels.

In papers filed this morning with the court here, Mr. Seymour charged that the Justice Department had "teamed up with" Mr. Deaver's defense counsel "to stage an attack on the independent counsel." Mr. Seymour said the episode "reconfirms the wisdom of separating the conduct of prosecutions of high Government officials from the Administration in power."

A Justice Department lawyer, David Anderson, asked District Judge Thomas Penfield Jackson today to "instruct" Mr. Seymour to refrain from

"making threats" that were "a danger to relations with our closest ally." Mr. Anderson and Herbert J. Miller, Mr. Deaver's lead counsel, quoted a letter from Mr. Seymour to Stuart Pierson, a lawyer representing Canada, as saying that Ambassador Gotlieb's unwillingness to testify would force the prosecutor to "place much more emphasis on the unlawful acts of Mr. Deaver" in his promotion of Canadian interests.

Administration Is Disappointed

But Judge Jackson, saying that the Ambassador would not be subpoenaed against his will, ruled that Mr. Seymour's "Canadian overture" was proper and "was not an attempt to coerce Canada."

A Justice Department spokeswoman, Amy Brown, said later that the Administration was "disappointed" that the court had not ordered Mr. Seymour to conduct any future communications with the Canadians "through proper diplomatic channels" at the State Department. But she said the department was "pleased" that Judge Jackson had "reiterated that the Canadian Ambassador is protected by diplomatic immunity."

Judge Jackson also denied today a motion by Mr. to dismiss the part of the Deaver indictment, one of five counts of lying under oath, that relates to Mr. Deaver's acid rain activities as a paid lobbyist for the Canadians. The 16 jurors — seven men and nine women, including four alternates — were selected over a period of a week in open court after Judge Jackson's attempt to screen jurors in secret was barred by a higher court. Newsgathering agencies argued successfully before the Federal Court of Appeals here that the jury selection must take place in open court.

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Deaver Lied to Cover Up Use of Tie to Reagans, Prosecutor Asserts

By BEN A. FRANKLIN

Special to The New York Times

WASHINGTON, Oct. 27 — The prosecutor in the perjury trial of Michael K. Deaver told the jury today that the former White House aide lied under oath to "cover up" his conversion of a personal relationship with President Reagan and Mrs. Reagan into an influence-marketing business that brought him hundreds of thousands of dollars.

In opening statements before a jury in Federal District Court, Whitney North Seymour Jr., the special prosecutor appointed by the court, and Herbert J. Miller, a veteran defender of celebrities who is Mr. Deaver's chief counsel, presented clashing views of the President's former campaign manager and deputy White House chief of staff.

Mr. Miller asserted: "The prosecutor has said the evidence is going to show that Mike Deaver traded his relationship with the President for money."

Almost inaudibly, he growled, "That is a damnable lie." He told the jurors their "only possible conclusion will be that Mike Deaver is innocent."

'Not About Corruption'

The jurors sometimes seemed dazed by the intricate political and financial convolutions alleged and denied. Mr. Deaver is charged with five counts of lying to a grand jury and to Congress when questioned about making contacts with Government officials on behalf of his clients.

In his role as defender, Mr. Miller said further: "This case is not about political corruption. It is not about influence peddling. It is not about improper lobbying activities. It is not about making a lot of money."

"What it is about — and we are happy to meet — is the charge that Mr. Deaver committed perjury before a Congressional committee and a grand jury." The lawyer said that was false.

The only witness on the first day of testimony in the long-delayed trial was James Lake, a former Reagan campaign press secretary who is now a Washington lobbyist.

Mr. Lake testified that in 1982, when

he encouraged Mr. Deaver to leave the White House and open his own lobbying and public relations business here, Mr. Deaver had rejected the idea, citing his long years of loyalty to Mr. Reagan.

Mr. Deaver told him that "it was not his intention to be a lobbyist" or to go to the President to help solve other's problems, Mr. Lake said.

Alcoholism as a Defense

As expected from the pretrial disclosure by the defense that Mr. Deaver was a recovering alcoholic, Mr. Miller told the jury that his client's "drinking problem had gotten out of control" in 1985 and that he had suffered mental aberrations. Mr. Miller said that Mr. Deaver had nearly died of kidney failure.

The lawyer said that expert testimony on alcoholism, and on Mr. Deaver's treatment for it under powerful drugs, would explain his client's inability to recall under questioning his contacts with high Reagan Administration officials on behalf of business clients.

Mr. Seymour admonished the jury to weigh defense contentions that alcohol abuse had impaired Mr. Deaver's memory against the fact that at the same time he was "dealing with important things at the White House" or, after his departure, with important corporate clients. Also among Mr. Deaver's clients were the Governments of Canada, South Korea and Puerto Rico.

Mr. Seymour, in his detailed statement, charged some new lobbying accomplishments by Mr. Deaver. He already is known to have slipped into an Oval Office meeting with Mr. Reagan the representative of a business client from South Korea.

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Deaver: Loyalist or Opportunist?

Defense, Prosecution Paint Conflicting Portraits as Trial Opens

By Bill McAllister
Washington Post Staff Writer

A federal jury yesterday was asked to see Michael K. Deaver's dramatic fall from power as either the tale of a Reagan administration insider anxious to trade on his position for millions of dollars in lobbying fees or the story of a dedicated but seriously ill Reagan loyalist reluctant to leave the side of the president he admired.

Those were the conflicting portraits painted of the former White House deputy chief of staff as his trial began in U.S. District Court here on five counts of lying to a congressional subcommittee and a federal grand jury.

Whitney North Seymour Jr., the independent counsel prosecuting the case, told the jury that this a case of a longtime aide to President and Nancy Reagan who "decided to turn that relationship into personal gain" and then attempted to cover up the contacts he made as a lobbyist, partly in fear of embarrassing the Reagans.

As he ticked off a list of Deaver's lobbying clients and stressed the large fees they paid him immediately after he left the White House in 1985, Seymour asked what he called "a critical question you're going to have to ask yourselves: 'Why? What were they buying?'"

Deaver's lawyer, Herbert J. Miller Jr., disputed those assertions in his opening arguments, saying that the case against his client was "a damnable lie," and that lobbying, "a perfectly honorable and legitimate business," was not on trial. Deaver, he said, was being hounded by a prosecutor intent on making a case out of a handful of answers the former Reagan aide made among more than 1,050 answers given in 11 hours of congressional and grand jury testimony.

"Let me explain what this case is not about," he told the jury. "It is not about political corruption. It is not about influence-peddling. It is not about making a lot of money."

The issue, both Miller and Seymour agreed, is whether Deaver "willfully" lied when he said under oath that he could not recall certain contacts he made with high Reagan

administration officials on behalf of his lobbying clients.

Miller said Deaver was lucky to be in court at all, describing the former official's 1985 admission to Georgetown University Hospital for kidney failure as a life-threatening condition that resulted, briefly, in some "mental aberrations."

Deaver, he said repeatedly, was "not that kind of man" who would attempt to trade on his close relationship to the president. "If he was going to trade on that kind of relationship, he did not have to deal with those kind of people," Miller said. "... He would have just called the president of the United States."

The prosecutor maintained, however, that Deaver was attempting to cash in on his relationship, and that at one time a contract to sell his then-flourishing lobbying business for upwards of \$16 million seemed within his grasp. But then, drawn to the case by the publicity over Deaver's booming business, the investigators began focusing on Deaver's clients, and the deal fell through, Seymour said.

In the style of a headmaster lecturing his students, the Park Avenue lawyer, one of seven special prosecutors assigned to handle allegations of high corruption in the Reagan administration, laid out in simple terms the five-count indictment that could send Deaver to prison for 25 years, relating the offenses to Deaver's clients.

Boeing Co., the aircraft maker, wanted to sell the White House a new \$200 million Air Force One; Canada wanted U.S. action on acid rain pollution; Rockwell International Corp. wanted to build a space station; Trans World Airlines wanted to stop a hostile corporate takeover, and Puerto Rico wanted to retain a tax break for its industries.

Deaver obliged his clients with telephone calls and brief conversations with top Reagan administration officials—Secretary of State George P. Shultz, then-Transportation Secretary Elizabeth Hanford Dole, then-national security adviser Robert C. McFarlane and Treasury Secretary James A. Baker III, the

prosecutor charged.

And when problems surfaced, such as when an aide to Vice President Bush was reluctant to approve a paragraph in a Bush speech endorsing the Puerto Rican tax break, there was Craig Fuller, a Deaver friend and Bush's chief of staff, to put a slightly modified paragraph into the speech.

If Seymour was somewhat pedantic with a nearly two-hour opening statement delivered without notes, Miller attempted to evoke a more folksy image, crossing his arms at times and speaking much more briefly to the jury.

Deaver, he said, was a Reagan loyalist who had worked his way through college playing the piano and first served Reagan when he was governor of California.

Deaver testified "truthfully as far as he could remember," Miller said, adding that "there is another thing" that may have affected his memory.

"His drinking problem had gotten out of hand," Miller said, saying that the pressures of Deaver's White House job were forcing him to neglect his family.

His lobbyist fees "may sound high to you and me, but in Washington they are normal," Miller said.

This image of Deaver appeared to have been enhanced by the first prosecution witness, James Lake, a former Reagan aide from California and a Washington lobbyist.

Lake testified that he had urged Deaver to leave the White House as early as 1982 and go into business

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"and establish himself" doing for private business what he had done for Reagan.

Deaver, he said, knew how to use the news media to create "the perception" the American public has of the president.

"In my view, Ronald Reagan would not be president today without the advice of Michael Deaver," Lake said.

The trial is expected to last three to five weeks.

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NATIONAL REPORT

Deaver 'lied'

WASHINGTON—Michael Deaver turned his long-time association with President Reagan into a lucrative lobbying business and later lied when questioned under oath about his influence-peddling, the prosecutor asserted yesterday in opening arguments at the former presidential aide's perjury trial.

"Mr. Deaver had a wonderful array of clients, they were paying him millions of dollars a year. . . . The critical question you want to ask yourself is 'what were they buying for that amount of money?'" independent counsel Whitney North Seymour Jr. told jurors.

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Two sides outline cases at Deaver perjury trial

Associated Press

WASHINGTON — Michael K. Deaver turned his longtime association with President Reagan into a lucrative lobbying business and later lied when questioned under oath about his influence-peddling, the prosecutor charged yesterday at the former presidential aide's perjury trial.

Deaver, whose association with the President dates back to Reagan's days as governor of California, "decided in 1985 to turn that relationship into personal gain," leaving the White House staff to form a public relations business, independent counsel Whitney North Seymour Jr. said in opening remarks to the jury.

"He solicited clients who paid him fees in the hundreds of thousands of dollars and in return for those fees the defendant made a few phone calls and contacts" with former Reagan administration colleagues, Seymour told jurors.

Deaver was motivated to lie because he "knew what he had been doing violated White House policy,"

Seymour said.

Deaver also wanted to protect his close friendship to Reagan and his wife, Nancy, and was concerned "about letting it become public how he was trading on that relationship," Seymour said.

But defense lawyer Herbert J. Miller Jr. said if Deaver "intended to use that kind of influence he would have called the President of the United States. But he's not that kind of man and he didn't."

"This case is not about political corruption, it is not about influence-peddling, it is not about improper lobbying activity, it is not about making a lot of money," Miller said.

The first witness to take the stand, James Lake, testified that he had told his friend, Deaver, to go into private business as early as 1982. But Deaver was reluctant to leave the White House until after the 1984 election "because he felt a real sense of loyalty, duty" to the Reagans, Lake said.

Lake, a public relations consultant and lobbyist who worked on several Reagan campaigns, said Deaver's

skills with the media were well-known. "Ronald Reagan would not be President without having Mike Deaver's influence," Lake said.

The former deputy White House chief of staff is charged with five counts of lying to a House subcommittee and a federal grand jury.

Seymour argued that "Mr. Deaver had a wonderful array of clients, they were paying him millions of dollars a year" and knew he might lose clients "if there was a public scandal about the way he was conducting his business."

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Seymour tells perjury jury Deaver lied about lobbying

THE ASSOCIATED PRESS

The perjury trial of Michael K. Deaver began yesterday with the prosecutor saying the former White House official lied to Congress and a federal grand jury about how he was paid millions of dollars to peddle his influence.

Special prosecutor Whitney North Seymour Jr. told the jury in U.S. District Court that Mr. Deaver did not tell the truth when he appeared in May 1986 before a congressional subcommittee investigating what he did to command multimillion-dollar fees as a public relations consultant.

"Deaver persisted in his plan to cover up and give false testimony" in an appearance a month later before a grand jury convened to look into whether the former deputy White House chief of staff had violated any ethics laws, Mr. Seymour said in his opening argument.

Mr. Deaver, a close friend of President Reagan since the mid-1960s, sat impassively at the witness table, occasionally taking notes, as Mr. Seymour recited details of Mr. Deaver's private business dealings starting in May 1985.

Within months of leaving the White House that May, Mr. Deaver's firm had secured retainers ranging up to \$475,000 annually from the governments of South Korea and Puerto Rico and from Trans World Airlines, Mr. Seymour said.

"The critical question is, what were they [clients] buying for that amount of money?" Mr. Seymour said.

He said Mr. Deaver called key officials at the White House, including Craig Fuller, Vice President George Bush's top aide; former National Security Advisers Robert C. McFarlane and John M. Poindexter; and former Transportation Secretary Elizabeth Dole, to get them to do favors for Mr. Deaver's clients.

The government contends Mr. Deaver then lied about his contacts with Reagan administration officials to conceal possible violations of federal ethics laws.

Truthful answers to questions about his lobbying efforts could have endangered Mr. Deaver's plans to sell his business for \$18 million to a London firm, Mr. Seymour said in court papers. The sale never did go through, and Mr. Deaver's firm eventually lost most of its clients as a result of the investigation.

sponse from their drugs."

A discouraging note has been seen in two patients who had transplants 16 weeks ago. "Their improvement at 16 weeks was not as said.

Mr. Deaver's defense attorneys have argued that their client's memory was so clouded by alcoholism that he was not lying when he testified he couldn't recall a series of contacts on behalf of lobbying clients.

All of the jurors are black while Mr. Deaver is white. Prospective black jurors were asked if they thought Mr. Reagan was doing enough to help black Americans.

On Monday, Mr. Deaver's attorneys asked the judge to disqualify a number of the 100 prospective jurors who expressed hostile views toward the Reagan administration.

Judge Jackson, meanwhile, refused to grant a Justice Department request that he reprimand Mr. Seymour for trying to persuade the Canadian government to let its ambassador here testify as a prosecution witness.

Mr. Seymour's Oct. 2 letter to an attorney representing the Canadian Embassy provoked a diplomatic protest from Canada.

In the letter, Mr. Seymour said Ambassador Allan Gotlieb's refusal to testify would force him to highlight at the trial the "unlawful acts engaged in by Deaver" when he was working as a lobbyist for Canada.

The Justice Department asked Judge Jackson to bar Mr. Seymour from contacting Canada, except through diplomatic channels.

Judge Jackson, however, said, "I do not think Mr. Seymour has done anything improper, unethical or unlawful."

The judge said the letter was merely one lawyer's reminder to another of the consequences of the refusal to testify.

"All trial lawyers at one time in their careers have had to write similar letters. I did not see it as an attempt to coerce testimony," Judge Jackson said.

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Deaver's Lobbying Fees Challenged

Ex-White House Aide Depicted as Doing Little for 6-Figure Retainers

By Bill McAllister
Washington Post Staff Writer

Prosecutors began yesterday to portray former White House aide Michael K. Deaver as a well-paid Washington lobbyist who did little to earn the six-figure retainers he won from major clients that he secured for his firm.

C. Edward Meyer, former Trans World Airlines president and chief executive officer, testified that he agreed to pay Deaver's firm \$250,000 as part of TWA's effort to thwart a New York investor's attempt to take over the airline.

But Meyer, one of the first prosecution witnesses at the perjury trial of President Reagan's former deputy chief of staff, said he could recall only two specific instances when Deaver helped.

Deaver told him once, Meyer said, that he was going to try contacting then-Transportation Secretary Elizabeth Hanford Dole, and the other time he offered to help TWA regain the aircraft hijacked to Beirut in the summer of 1985.

Prosecutors have charged that Deaver ultimately contacted Dole and others on behalf of TWA and later lied about his actions to a federal grand jury investigating his lobbying contacts.

Independent counsel Whitney North Seymour Jr., prosecuting Deaver on five counts of lying to a congressional subcommittee and the federal grand jury, also produced the top American executive of a British advertising firm that had agreed to acquire for about \$16 million the lobbying firm formed by Deaver after he left the White House.

Andrew Woods, deputy chairman of London-based Saatchi & Saatchi, said the firm quickly grew disenchanted with the deal after Deaver became the focus of "unfavorable publicity" accusing him of attempting to trade on his White House ties.

Defense lawyers sought to blame the transaction's collapse on top officers of the advertising firm, who they said were Jewish and offended at the furor over Reagan's decision to visit a Germany cemetery near Bitburg where Nazi SS soldiers were buried.

Deaver, who planned and executed all of Reagan's public appearances, was responsible for the controversial visit.

Stephen L. Braga, a member of Deaver's defense team, also sought to blame Walter Annenberg, former U.S. ambassador to Great Britain, for sabotaging the merger.

Questioning Woods, Braga contended that Annenberg also was offended by the cemetery visit and had called a top Saatchi official in an effort to kill the deal. Woods testified that he knew nothing about such efforts.

Annenberg, reached yesterday at his Philadelphia office, said he had attempted to scuttle the transaction because he believed that the image of Deaver "stepping out of the White House and accepting an \$18 [million] to \$20 million position" was "very destructive" to the president.

"If a Democrat had been president, I'd have done the same thing," said Annenberg, a Republican and a friend of Reagan. "It was done *pro bono publico* . . . a responsibility of citizenship."

Annenberg, publisher of TV Guide magazine, said Saatchi officials "saw the point."

Meyer, who negotiated the \$250,000 contract with Deaver on the telephone, said promised contact with Dole was important because she could grant TWA's request for a hearing on whether investor Carl Icahn, mounting a hostile takeover of TWA, would be qualified to run the airline.

TWA contended that Icahn, who ultimately won control of the company, did not have the credentials to run an air carrier.

Seymour said in his opening statement Tuesday that the question of what Deaver did to earn his large lobbying fees was one of the critical questions jurors would have to ask in determining whether Deaver lied.

He has contended that Deaver did little for his fees despite his claim that he planned "corporate strategies" and that he lied in part to save the sale of his company to Saatchi, a transaction that would have given him most of the \$16 mil-

lion.

Yesterday, the defense sought to argue that the Saatchi deal was dead when Deaver appeared May 16, 1986, before a House subcommittee investigating his lobbying activities, and Woods appeared to back them in that claim.

He said that, while the Deaver acquisition had been formally suspended for 30 days, he realized, in fact, that it had no hope of being revived.

Another prosecution witness, lawyer Kenneth A. Lazarus, also testified that Deaver seemed unaware while he was still in his \$75,100-a-year White House job how much money he could command on the outside.

"He didn't realize how valuable he was," said Lazarus, a former assistant presidential counselor in the Ford administration.

Lazarus said he recalled Deaver mulling whether to leave the White House for a \$500,000-a-year position with Burson-Marsteller, a major public relations and lobbying firm, and having to be assured that he could easily make that much by forming his own firm.

Many major firms will find it economical to hire lobbyists such as Deaver for work in Washington, Lazarus said. Fees of \$100,000 to \$150,000 a year would be "very low" for large corporations, and fees of \$1 million would be "high," he said.

"When you cost it out, it's not that expensive," Lazarus said.

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Lobby publicity spiked sale of Deaver's firm, court told

THE ASSOCIATED PRESS

Mounting publicity about Michael K. Deaver's lobbying prompted a London firm to suspend negotiations to buy the former presidential aide's business for up to \$16 million, company representatives testified yesterday at Mr. Deaver's perjury trial in U.S. District Court.

Andrew Woods, head of the New York office of the London firm of Saatchi & Saatchi, testified that he "expressed concerns which we had as a result of publicity which had appeared in the newspaper which referred specifically to Mr. Deaver."

At the March 20, 1986 meeting, Mr. Woods said he raised the subject of a Feb. 17 piece by New York Times columnist William Safire that criticized Mr. Deaver's lobbying of former Reagan administration colleagues.

"From our standpoint, we had ongoing concerns that any publicity was damaging," Mr. Woods said.

Those concerns were raised again at an April 15 meeting in London following further publicity about Mr. Deaver's lobbying. Both sides agreed at the April meeting to suspend sale negotiations discussions for at least a month, Mr. Woods said.

Mr. Deaver, the former deputy White House chief of staff, is charged with lying to a grand jury and a House subcommittee that investigated his lobbying for possible ethics law violations.

Independent counsel Whitney North Seymour Jr. is trying to prove that one reason Mr. Deaver had a motive to lie to the House Energy and Commerce subcommittee on May 16, 1986 was to keep open the possibility of selling his business to Saatchi & Saatchi.

But Mr. Woods conceded on cross-examination by defense lawyer Stephen Braga that the deal was clearly canceled at the April 15 meeting. "Everyone thought it was dead, I certainly thought it was dead."

Mr. Woods testified that under the draft agreement that had been under discussion, Mr. Deaver would receive \$2 million for Michael K. Deaver & Associates and take 86 percent of up to another \$14 million that could be paid depending on the

profitability of the operation.

Mr. Woods denied Mr. Braga's suggestion that the real reason Saatchi & Saatchi withdrew its offer was because the company's Jewish owners were distressed by Mr. Deaver's involvement in President Reagan's much-criticized visit to a West German military cemetery at Bitburg containing the graves of Nazi soldiers.

"I don't think it was a major matter," Mr. Woods said, denying he told an investment banker Mr. Deaver's planning of Mr. Reagan's trip to Bitburg was a major concern.

Charles Fiero, another Saatchi representative involved in the talks, testified that Mr. Deaver called him three days before he testified on Capitol Hill to say he was announcing that sale negotiations were being terminated.

Under the ground rules of the discussions, Mr. Deaver had an obligation to notify Saatchi & Saatchi that he was going to make a public announcement about the negotiations, Mr. Fiero said.

In other testimony, lawyer Kenneth A. Lazarus said he advised Mr. Deaver before he left the White House to start his own business rather than accept a lucrative offer from a public relations firm.

Mr. Lazarus said he met with Mr. Deaver and Craig Fuller, a White House aide who later became Vice President George Bush's chief of staff, to discuss their idea of forming a consulting business.

"Mike was concerned that he would be able to make as much money opening his own firm," Mr. Lazarus said. "In my view anyway, certainly he could make a very tidy sum of money" working for himself.

Mr. Lazarus said he advised Mr. Deaver that if he formed his own business he would be more independent and could eventually sell the firm if he wanted to.

During cross-examination, Mr. Lazarus testified that it was he, not Mr. Deaver, who spoke about selling such a firm. He also said that Mr. Deaver rejected an overture in late 1985 from a potential buyer.

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Deaver used Reagan, jury told

Ex-aide lied to hide activities, prosecutor asserts

By George E. Curry
 Chicago Tribune

WASHINGTON—A special prosecutor has accused former White House aide Michael Deaver of exploiting his long friendship with President Reagan for "personal gain" after he left the administration in 1985 to establish a well-publicized consulting firm.

Whitney North Seymour Jr., the independent counsel, said that almost as soon as Deaver left his post on May 10, 1985, he began trading on his White House connections to build a thriving multimillion-dollar consulting firm.

"The government's contention is that the defendant, who has been a longtime friend of the President of the United States, decided to turn that relationship into personal gain," Seymour charged in his opening argument Tuesday to jurors at Deaver's trial on perjury charges.

But, according to Seymour, when asked about his lobbying by a subcommittee of the House Committee on Energy and Commerce on May 16, 1986, and by a federal grand jury weeks later, on June 20, Deaver lied about the extent of his activities.

Deaver has known Reagan and his wife for more than two decades and served as chief of staff when Reagan was governor of California. He also directed the staff in Reagan's 1976 and 1980 presidential campaigns. He was deputy chief of staff at the White House during the President's first term.

After he left the White House, he received retainers ranging from \$100,000 to \$475,000 a year from such firms as Trans World Airlines, Boeing Co., Rockwell International Corp., Philip Morris Inc. and the governments of South Korea, Puerto Rico and Canada.

In exchange for these lucrative contracts, Deaver did little except place a few telephone calls and make several contacts, according to the independent counsel.

Herbert Miller Jr., Deaver's chief defense attorney, called allegations that Deaver exploited his friendship with President and Mrs. Reagan a "damn lie."

In his opening argument, Miller said, "If Mike Deaver really wanted to use the influence we're talking about, he would have just called the President of the United States, but he didn't do that."

Miller said his client didn't know he was violating federal law

when he placed calls to administration aides.

Under the 1978 Ethics in Government Act, top government officials cannot lobby their former agencies for a year after leaving office. They are also prohibited from lobbying federal agencies on issues in which they had substantial involvement as government employees.

Deaver did not willfully lie to the House or a grand jury, but his memory at the time he testified was clouded by alcoholism and other physical problems, Miller said.

Between late 1984 and early 1985, Deaver suffered a kidney ailment that almost killed him, his attorney said. It is during this period that Deaver is accused of improperly lobbying the White House for Canada on the issue of acid rain.

Deaver, 49, is the first person prosecuted on charges stemming from the 1978 Ethics in Government Act. He was not charged with directly violating the act, but with perjury in the testimony.

He is charged with five counts of perjury. If convicted of all charges, he could be sentenced to 25 years in prison and fined \$34,000.

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The Deaver defense: The drink made me do it

LAW ■ Are alcoholics and drug addicts fully responsible for their crimes?

■ Imagine Tommy Flanagan, the chronic excuse-maker of "Saturday Night Live," trying to talk his way out of illegal insider-trading charges. "Well ... I was having a really lousy day, and then my boss yelled at me. And, um, I'm under this horrible pressure from my wife to buy a bigger house and then, well, then, the stock market crashed, and, umm ... oh yeah. I'm a cocaine addict, so I didn't really know what I was doing. Yeah. That's it. I didn't know what I was doing."

Not everyone is as creative as Tommy Flanagan, but defendants and lawyers in several recent criminal cases have developed strategies that, at first glance, have seemed like similar excuses for undesirable behavior on the part of presumably upstanding citizens. Last week, for instance, lawyers began selecting a jury for the murder trial of Robert Chambers, Jr., the clean-cut former altar boy who says he accidentally strangled his girlfriend while the two were engaged in rough sex play in New York's Central Park.

Then there's the case of former White House aide Michael Deaver. Jury selection for his perjury trial also got under way last week, and those chosen will hear what to some may seem a novel defense: To combat charges that he lied to a grand jury, Deaver is claiming that a combination of his alcoholism—previously undisclosed—and the drugs he was taking to fight it impaired his memory and thus affected his grand-jury testimony.

Not a sure thing

In the universe of excuses, Deaver's defense actually isn't so farfetched—although it is no sure bet in court. The intoxication excuse is akin to the insanity defense, which has fallen into disfavor since its use in the defense of John Hinckley, Jr., who shot Ronald Reagan in 1981. "It's similar, because you're saying, 'I did it, but I'm not really responsible,'" says Greta Van Susteren, a Washington, D.C., criminal-defense lawyer. It is also somewhat similar to the insanity line because in the United States, alcoholism is now widely regarded as a disease—perhaps even of genetic origin—and not as a behavior chosen by the alcoholic himself.

In fact, the alcoholism excuse arises with fair frequency in connection with violent crimes. In such cases, it is used not as an absolute defense but as proof

that a defendant didn't intend to commit a particular crime and should face a milder charge. "If I am drunk and swing violently at what I believe is a lamppost, and I hit a policeman and kill him, that isn't first-degree murder," explains University of Chicago law Prof. Norval Morris.

Lapses of memory

Deaver's situation, however, is somewhat different. The former aide to President Reagan is not claiming that his alcoholism led him into illegal behavior. Actually, the allegations that led to his grand-jury testimony—that Deaver illegally used his White House connections to further his public-relations business—never resulted in an indictment. But he said he did not remember various events that played a part in the case; unconvinced, the jury indicted him for perjury. His substance abuse caused real memory lapses, argues defense lawyer Randall Turk. Deaver, Turk says, "simply didn't recall what they were asking him about, because of his state."

Deaver's use of the alcoholism excuse is unusual, too, because he's raising it both later and earlier than most white-collar defendants who resort to the defense. Some have successfully used the excuse to dissuade the Internal Revenue Service from bringing tax-evasion charges, arguing, for instance, that their alcoholism caused them to file faulty returns. Or a defendant may bring it up after he has been convicted, in an effort to play on the sympathy of a jury before sentencing. "Pleas for sympathy based on substance abuse tend to be more effective in white-collar cases than in violent crimes," says New York University law Prof. Stephen Gillers. "But to say that these approaches are more effective among white-collar defendants still doesn't mean they work a lot."

What about using the excuse when drugs other than alcohol are involved? Experts are skeptical. For one thing, unlike alcoholics, most drug abusers cannot plead that their affliction is an inherited disease. While alcoholics are often reluctant to admit to their illness, attorney Van Susteren points out that "with other drugs, the problem is greater because the person has to admit he's committing another crime by using an illegal drug."

And finally, jury sympathies can be stretched just so far. "Juries are getting

really sick of these excuses," says Van Susteren. "They want people to take more responsibility for their actions, not less." ■

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Kidney stones put Deaver in hospita

THE ASSOCIATED PRESS

Former presidential aide Michael Deaver was hospitalized over the weekend for acute pain from kidney stones, his lawyer and hospital officials said, possibly forcing postponement of his perjury trial which is to resume tomorrow.

Mr. Deaver "doubled over in pain Saturday night and was rushed to a hospital emergency room," defense lawyer Randall Turk said yesterday.

Mr. Turk said an X-ray determined that Mr. Deaver was suffering from kidney stones and he was given morphine to relieve the pain.

Georgetown University Hospital spokesman Mike Marecki said Mr. Deaver was in good condition but "at the moment, Mr. Deaver's physicians are unable to state the expected length of hospitalization."

The kidney stone ailment surfaced following the first week of tes-

timony in Mr. Deaver's trial on charges that he lied to a congressional committee and a grand jury investigating his lobbying activities after he resigned as President Reagan's White House deputy chief of staff.

Mr. Deaver suffered a kidney failure in early 1985 that forced him to miss Mr. Reagan's second inaugural, which he organized.

The hospitalization could force a delay in resumption of the trial. No trial session was scheduled today to accommodate other business being conducted by chief defense lawyer Herbert J. Miller Jr.

The defense has raised Mr. Deaver's health as an issue in the trial, contending that his treatment for alcoholism impaired his memory about key events on which he was questioned by a grand jury and a House subcommittee.

The defense says Mr. Deaver was testifying honestly when he said he could not recall contacting former Reagan administration colleagues on behalf of his lobbying clients in 1985. The grand jury and the subcommittee were investigating allegations that Mr. Deaver violated federal conflict-of-interest laws in his lobbying.

Mr. Deaver was hospitalized for alcoholism treatment in June 1985 shortly after leaving the White House and again in the fall of 1986, five months after he gave his sworn testimony.

Mr. Turk said the kidney stone attack came suddenly, and he said he had not been aware of any health problem during the trial last week. Mr. Deaver has been in court daily since jury selection began Oct. 19. Testimony began last Tuesday.

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Deaver's Phone List to Stay Under Wraps

By Bill McAllister
 Washington Post Staff Writer

Washington's powerful and famous can relax. Their unlisted telephone numbers are secure.

The judge presiding over the perjury trial of former White House deputy chief of staff Michael K. Deaver last week decided to keep one of prime assets of Deaver's once-flourishing lobbying business a secret.

U.S. District Court Judge Thomas Penfield Jackson ruled, without

public explanation, that Deaver's Rolodex file will remain under seal and away from the public.

Lawyers in the case said Jackson's ruling came in response to fears raised by the attorneys in a courtroom bench conference that releasing the file—hundreds of other documents subpoenaed by the prosecutors and defense in the case will be released—might lead to needless problems for some of the famous and influential people on Deaver's telephone list.

"It's his life," said Deaver's lawyer, Randall J. Turk, asking reporters to understand why the list is remaining under wraps.

One telephone number apparently not on the Rolodex gave prosecutor Whitney North Seymour Jr. some trouble last week as testimony began in Deaver's trial on five counts of lying to a congressional subcommittee and a federal grand jury.

Seymour was seeking confirma-

tion of a telephone bill paid by Deaver's lobbying firm when he grilled former Deaver associate Pamela G. Bailey about whether she could identify Deaver's home telephone number.

Seymour apparently presumed that Deaver's home phone number, like many in Deaver's Rolodex, was unlisted.

Bailey said, however, that she didn't know the number and had to look it up on someone's Rolodex every time she called.

Moments later, Turk, seeking to puncture any element of mystery about his client, put a District telephone book in front of Bailey and asked her to look in the residential section under the letter "D."

No need to scurry to the sealed Rolodex. Deaver, once reputed to be one of the most powerful figures in the Reagan administration, has a published home telephone number.

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U.S. Aide Testifies Deaver Called About TWA but Didn't Try to Sway Him

By Bill McAllister
Washington Post Staff Writer

Acting Secretary of Transportation James H. Burnley testified yesterday that former White House aide Michael K. Deaver called him about a petition filed by one of his lobbying clients but made no effort to influence him.

In fact, Burnley said, he may have placed the call to Deaver after learning that he was attempting to reach Burnley's boss, then-Transportation Secretary Elizabeth Hanford Dole.

Burnley, a lawyer who told the jury he was familiar with the Ethics in Government Act, said he saw nothing improper with the brief conversation. Deaver "made no specific remarks as how we ought to handle" a pending request by Trans World Airlines, one of his clients, Burnley said.

"He made no attempt to tell me what his opinion was or to influence or to lobby," said Burnley, who was named by President Reagan to succeed Dole but has not yet been confirmed by the Senate.

Deaver, the Reagan administration's former deputy chief of staff, is accused of lying about whether he contacted "any government official" on behalf of TWA. The charge is part of a five-count indictment that alleges that Deaver, a longtime confidant of President and Mrs. Reagan, lied to a congressional subcommittee and a federal grand jury in an effort to cover up various contacts he made on behalf of the lobbying firm he established after leaving the White House in 1985.

Deaver is accused of discussing with Burnley TWA's effort to block a hostile corporate takeover. He is also alleged to have had the same discussion with Dole in a telephone call in the summer of 1985. Yesterday, the seventh day of testimony, prosecutors introduced what defense lawyers described as what "may be the only evidence" that the conversation with Dole occurred.

U.S. District Court Judge Thomas Penfield Jackson, rejecting arguments by Deaver's lawyers, allowed the prosecutors to introduce two

pages of telephone logs from Dole's office that showed that Deaver made repeated efforts to reach her and that they apparently talked on one of the days.

Dole's personal secretary, Shirley Ballard, said she prepared the logs and believed them to be accurate, but she said that she could not verify that the conversations actually occurred or that Deaver was the person who had called the office seeking to talk to her boss.

"If the defense wants to suggest that some impostor made four calls to Elizabeth Dole's office saying he's Michael Deaver, then God bless them," said prosecutor Marc J. Gottridge in arguing that the telephone logs should be admitted.

Later with the jury present, Randall J. Turk, one of Deaver's lawyers, asked Burnley if Dole would remember the conversation, hinting that she would not recall it. Dole, who left the department last month to join the presidential campaign of her husband, Sen. Robert J. Dole (R-Kan.), is one of the more than 250 people who have been listed as possible witnesses at the trial.

If admission of her telephone logs was a setback for the defense, Burnley's statement that he saw nothing improper in Deaver's call was a plus. Former White House aides Roger Porter and Rear Adm. John M. Poindexter have testified that in telephone calls made to them, Deaver made no effort to pressure them.

Charles R. Black, a Washington political consultant who was also hired to work for TWA in an effort to block the takeover, testified yes-

terday that Deaver was specifically assigned the task of contacting Dole and that he knew of no other assignment that TWA officials gave Deaver.

Deaver's firm had a \$250,000-a-year contract with the airline, and the prosecutor has alleged that he did little work for the six-figure fees he received.

Black said in response to questions from a Deaver lawyer that he viewed the size of the fees Deaver charged his international clients, from \$100,000 to \$475,000, as on "the low end of the range" charged by most Washington lobbying firms. He said his firm, Black, Manafort, Stone and Kelly, has one international client it charges \$800,000 a year. He did not identify the client.

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Deaver 'Made No Special Demands,' Witness Says

By BEN A. FRANKLIN

Special to The New York Times

WASHINGTON, Nov. 4 — Acting Secretary of Transportation James H. Burnley testified at the perjury trial of Michael K. Deaver today that Mr. Deaver "made no special demands" on him in telephone conversations in 1985 in connection with Trans World Airlines.

The airline had hired Mr. Deaver, a former White House aide, at \$250,000 a year to influence Government policy.

Mr. Burnley made a brief appearance before the Deaver jury in the Federal District Court here. His testimony was used by Randall J. Turk, a Deaver defense lawyer, to try to minimize the scope and intent of Mr. Deaver's contacts in May 1985 with top Department of Transportation officials, including the then Secretary of Transportation, Elizabeth Hanford Dole. Mr. Burnley said he was returning calls Mr. Deaver had made to Mrs. Dole.

Mrs. Dole resigned Sept. 30 to aid in the Presidential campaign of her husband, Senator Bob Dole, Republican of Kansas, and Mr. Burnley has been nominated by the President to succeed her as Secretary.

Charges of Lying About Lobbying

The Deaver approaches to Mrs. Dole, who also spoke to Mr. Deaver later, were contacts that the prosecution seeks to show were improper under Federal ethics statutes, coming as they did from a petitioner who had resigned only weeks earlier as the White House deputy chief of staff.

But Mr. Deaver was not charged with violations of the Ethics in Government Act. He is on trial on charges of lying about his lobbying activities to a House subcommittee and later to a Federal grand jury in what Whitney North Seymour, Jr., the independent prosecutor, has called "a cover-up" to conceal impropriety.

For the prosecution, establishing a motive for such a cover-up is crucial.

To prove perjury, the prosecutors must show that Mr. Deaver knew he was lying to officials investigating his post-White House consulting business. In the seven days of testimony so far, the weight evidence for and against such a motive has appeared to shift widely.

In Mr. Burnley's description today of Mr. Deaver's two conversations with him, he said there was "absolutely not" any impropriety in them. He said he was "not positive," but that his recollection was that he had returned Mr. Deaver's calls, originally placed by Mr. Deaver to Mrs. Dole, because she was then on an extended trip in Europe.

But a later witness, Charles Black, another Washington consultant hired by T.W.A. as part of what he called the airline company's team of "professional firms" in Washington, testified that Mr. Deaver's "principal assignment" was "to try to get action" from Secretary Dole.

Phone Logs Identified

Another witness, Shirley Ballard, Mrs. Dole's former top office administrator, identified telephone logs that she said listed three calls to the Secretary from Mr. Deaver before a final one on June 3 1985. That call, Ms. Ballard, said was "marked completed."

In May 1985, Mrs. Dole's department had before it a T.W.A. request to help block the successful attempt to take over airline by Carl Icahn, the New York investor. T.W.A. had petitioned the department to hold a public hearing on Mr. Icahn's "fitness" under the Federal Aviation Act to operate an airline. No hearing was ever held.

Mr. Black, calling Mr. Deaver's advent on the anti-takover team "a great addition," testified that it was Mr. Deaver's special assignment "to try to get action — to have Secretary Dole have a hearing" on the T.W.A. petition.

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Deaver was fully informed of probe's aims, jury told

By George Archibald
THE WASHINGTON TIMES

A former lobbying associate of Michael K. Deaver testified at his perjury trial yesterday that the former White House official was kept fully abreast of a conflict-of-interest probe of him by a House investigating subcommittee.

Before Mr. Deaver gave sworn testimony last year to a House Energy and Commerce subcommittee, the panel's staff notified his attorneys to "expect questions on everything" reported by the media in previous months, Pamela G. Bailey testified.

Investigators for the House panel had told Mr. Deaver's attorneys that the probe was expanded beyond the former Reagan aide's role in the U.S.-Canada acid rain dispute, Mrs. Bailey said in response to questioning by special prosecutor Whitney North Seymour Jr.

The panel was also investigating all of Mr. Deaver's foreign clients, his numerous government contacts on their behalf reported to the Justice Department under the Foreign Agents Registration Act and his work for such corporations as Rockwell International, which sought to sell more B-1 bombers to the government, Mrs. Bailey said.

In two counts of a five-count perjury indictment, Mr. Deaver is charged with lying to the House panel on May 16, 1986, about five

contacts with former White House colleagues in behalf of clients for whom he was a lobbyist.

One contact — an Oct. 1, 1985, telephone call to Vice Adm. John Poindexter, then deputy assistant to the president for national security affairs — involved a White House meeting Mr. Deaver was trying to arrange between President Reagan and Kim Kihwan, a top aide to South Korean President Chun Doo Hwan.

At the time, Mr. Deaver was negotiating a \$475,000-a-year lobbying contract with the South Korean government.

"We were keying our preparation [for the closed-door House inquiry] on issues that had been covered in the press," Mrs. Bailey testified.

"You read every clip?" asked Mr. Seymour.

"Yes," Mrs. Bailey responded.

"You discussed every [conflict-of-interest] allegation?" the prosecutor asked.

"Every time an article would appear, we [Mr. Deaver's staff] would read it in detail," Mrs. Bailey said. Then they would be discussed by Mr. Deaver, his lobbying associates and lawyers, she said.

Mr. Seymour is attempting to convince the jury that Mr. Deaver was aware before his House testimony of specific actions that he denied under oath or claimed he could not recall.

During his testimony last year before the House panel, Mr. Deaver

was asked whether he did anything to facilitate Mr. Kim's request for a meeting with Mr. Reagan. According to the indictment, Mr. Deaver responded, "No, sir."

However, Adm. Poindexter testified last week that Mr. Deaver telephoned him to make sure the meeting was on the president's schedule.

Yesterday, Mr. Seymour pressed Mrs. Bailey to tell the jury whether Mr. Deaver was shown an April 25, 1986, column headlined "The Road to Deavergate," written by New York Times columnist William Safire.

The prosecutor noted a section of the column titled "The White House-Blue House Connection," which said:

"Michael Deaver — while in South Korea soliciting business — was able to impress potential clients mightily by calling the White House to arrange a meeting between President Reagan and Kim Kihwan, the trade official close to President Chun Doo Hwan. Asked about this, both Mr. Deaver and ... Robert McFarlane [who was national security adviser at the time of the call] were uncharacteristically forgetful. Mr. Kim, in the U.S. last week, refused to take my calls or meet with House investigators."

"I remember having a discussion with Mr. Deaver about that column the day that it appeared," Mrs. Bailey testified.

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CAPITAL LINE

USA TODAY'S BRIEFING ON WASHINGTON

DEAVER TIED TO APPOINTMENT: Three former Reagan aides testified Michael Deaver discussed appointment of an acid rain envoy to Canada six months before leaving his White House job. Deaver, who is charged with five counts of perjury, told a grand jury he was not connected with the issue and wasn't aware of the special envoy concept until March 6, 1985. But Monday, former National Security Council aide Robert Kimmitt said Deaver discussed the issue at least three times before then.

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Date 11-10-87

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Deaver to Undergo Surgery, Forcing Week's Recess in Trial

By Bill McAllister
Washington Post Staff Writer

Michael K. Deaver, the former White House deputy chief of staff, will undergo surgery this morning for removal of a kidney stone, forcing a one-week recess in his perjury trial.

Deaver, accused of lying to a congressional subcommittee and a federal grand jury investigating the lobbying business he formed after leaving the Reagan administration, entered Georgetown University Hospital on Wednesday night, and doctors decided that his condition required surgery.

U.S. District Court Judge Thomas Penfield Jackson agreed to the recess after Deaver's lawyers announced that their client would not waive his right to be present at the trial.

The slow-paced trial was to enter its 11th day of testimony yesterday and; with the delay for surgery, may not end until next month.

After talking by telephone with Deaver's physician, Jackson summoned jurors and told them that the hospitalization "has nothing whatsoever to do with the defense of alcoholism" that he is raising in an attempt to rebut the charges.

Deaver, 49, has maintained that alcoholism and poor health made it more likely that he was being truthful when he told investigators that

he did not recall contacts he allegedly made on behalf of his lobbying clients.

Deaver was hospitalized in January 1985 for what his lawyers have said was renal failure, a kidney condition unrelated to the kidney-stone problem that first sent him to the hospital Oct. 31, shortly after the jury had been impaneled. He returned to court Nov. 3 after doctors said he did not need surgery.

Prosecutor Whitney North Seymour Jr., describing himself as "an alumnus of kidney-stone removal," requested appointment of an independent physician to examine Deaver and see if he might be able to undergo so-called "shock-wave" treatment, nonsurgical breakup of the stone.

Seymour dropped his request after Jackson said he knew Deaver's physician and volunteered to check on his condition. Later, the judge said he had confirmed that Deaver would undergo surgery and require "a minimum of 72 hours" recuperation in the hospital and additional rest at home before he could return to court.

Separately, the judge dismissed Sylvia Ann Reeder Norris, 34, of Northwest Washington, from the panel of 16 jurors for what were announced only as "medical reasons." Her dismissal means that one of four alternates must join the jury of 12 that will decide Deaver's fate.

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Date 11-13-85

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Deaver's Illness Delays Trial

By BEN A. FRANKLIN

Special to The New York Times

WASHINGTON, Nov. 12 — The defendant's second painful kidney stone attack in two weeks forced the adjournment today of Michael K. Deaver's perjury trial until at least Wednesday while he undergoes surgery and recuperation.

Judge Thomas Penfield Jackson of Federal District Court ordered the recess in the trial of President Reagan's former deputy chief of staff after Randall J. Turk, a defense attorney, notified the court this morning that his client was hospitalized in pain on Wednesday night.

The lawyer said Mr. Deaver would require surgery Friday morning to remove a kidney stone. He is to be hospitalized through the weekend and could not be in court "until next Wednesday or Thursday," Mr. Turk said.

Judge Jackson, saying he knew the surgeon personally, left the courtroom briefly to confirm by telephone Mr. Deaver's condition and the need for the surgery. The operation is to be performed by Dr. William C. Maxted, chief of urology at Georgetown University Hospital.

A hospital spokesman said late today that Mr. Deaver's condition was good.

Mr. Deaver could have authorized the trial to continue. But Mr. Turk said, "Although Mr. Deaver is anxious to have this case decided by the jury as soon as possible, he expressly declined to waive his right to be present at trial."

Mr. Deaver was in the third week of a long-delayed trial on five counts of lying under oath to a House subcommittee and a Federal grand jury that investigated the private consulting business he formed after leaving his White House post in May 1985.

He was hospitalized overnight after a kidney stone attack on Oct. 31, apparently a recurrence of kidney problems he suffered in 1985 when he had what his lawyers have since disclosed was an alcoholic problem.

The alcoholism, for which Mr. Deaver has been treated for nearly a year, is expected to be a main part of his defense in the perjury trial, the argument being that both his conduct and his ability to recall it were affected by the drinking.

Judge Jackson told the jury about Mr. Deaver's kidney condition and said it had no bearing "on any defense of alcoholism in this case."

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Date 11-13-87

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Deaver hid his drinking

NEW YORK (AP) — Michael Deaver, the former White House aide accused of lying to Congress and a grand jury about his activities as a lobbyist, claims only his doctor and family knew about it when he went to a clinic for alcoholism.

"In a town not famous for keeping a secret, I had kept one for years," Mr. Deaver wrote in his book, "Behind the Scenes," which is excerpted in the December issue of Life magazine.

He had been at the Ashley Clinic in Havre de Grace, Md., for 10 days in November 1986 before his wife, Carolyn, was permitted to visit, he said.

Mr. Deaver said Nancy Reagan had been calling every day, wondering where he was.

"Later, I placed a call to the White House," Mr. Deaver wrote. "When Nancy came on the line, she said, 'My God, where are you?'"

"The words did not exactly dance off my tongue: 'I'm at a place in Maryland where I'm getting some help . . . because I am an alcoholic.'"

"Thank God!" she said forcefully. "Thank God, that's what it is."

"Nancy what are you saying? I just told you I'm an alcoholic. It's a terrible thing."

"Calmly, she said: 'No, it's a disease, and one you can handle. I was worried sick you might have cancer. This one you can cure.'"

Mr. Deaver was admitted to Georgetown University Hospital last Wednesday for surgery to remove a kidney stone, interrupting his perjury trial in federal court until at least this Wednesday.

It was his third hospitalization for kidney-related conditions since his trial began.

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Date 11-16-87

Deaver bows out of lobbying pact

Ex-Reagan aid ends questioned deal with Canada

WASHINGTON [AP]—Lobbyist Michael K. Deaver has asked the Canadian government not to renew his \$105,000 consulting contract, which has played a key role in conflict-of-interest investigations of the former presidential aide.

In a letter to Ambassador Allan Gottlieb at the Canadian Embassy here, Deaver said he was making the request to spare Prime Minister Brian Mulroney any further embarrassment. The letter, dated June 6, was released Friday by the embassy.

Under the one-year contract, which was not limited to any specific issue, Deaver helped Canada in its successful effort to obtain a joint U.S.-Canadian program to combat acid rain.

The General Accounting Office, Congress' investigative arm, concluded in a report that Deaver may have broken the law because he had worked on the acid-rain issue while serving as deputy chief of staff to President Reagan.

The Ethics in Government Act places restrictions on government officials who seek to lobby the government on a specific issue in which they were personally and substantially involved as government employees.

Deaver is under investigation by the House Energy and Commerce investigations subcommittee and a court-appointed independent counsel.

Deaver, who repeatedly has denied any violations, asked that the independent counsel be named to

resolve the conflict questions.

The subcommittee members have said the possible conflict-of-interest on the acid-rain question is one focal point of their investigation.

Deaver wrote Gottlieb: "On June 30, the contract between the Embassy of Canada and my firm will expire.

"The suggestions in various news reports and allegations that there was ever anything improper about our work on behalf of Canada has been a source of great disappointment and regret to me," it said.

Deaver quit the White House on May 10, 1985, to form his lobbying and consulting firm, Michael K. Deaver and Associates.

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Deaver Will Not Renew Pact

OTTAWA, June 13 (UPI) — Michael K. Deaver, the former White House aide, will not renew his lobbying contract with Canada when it expires June 30 so as to spare the Canadian Government further political embarrassment, a spokesman for Canada's External Affairs Ministry said Friday.

Mr. Deaver was paid \$105,000 by the Conservative Government to lobby on behalf of Canadian interests on acid rain and trade.

In a letter to Allan Gottlieb, the Canadian Ambassador to Washington, Mr. Deaver said he was withdrawing himself from consideration for renewal of his consulting contract.

The spokesman for the External Affairs Ministry, Natalie Kirschberg, said Mr. Deaver had told the Government he had provided his service "in an ethical manner" but that he wished "to extract the Canadian Government from any further involvement in what has become a controversy."

A Federal District Court in the United States, at the request of the Justice Department, has named an independent counsel, Whitney North Seymour Jr., a former United States Attorney in Manhattan, to investigate Mr. Deaver's lobbying activities.

The action came after allegations were made that Mr. Deaver might have violated laws prohibiting senior Government officials from lobbying their former agencies for one year after leaving Government service. Among the concerns that have arisen are questions about the extent to which Mr. Deaver influenced Administration policy on acid rain while he was a White House aide.

Mr. Deaver's contract with Canada is to be the focus of a parliamentary investigation in Ottawa on June 17.

Sources in the Canadian Government and Parliament said late last month that Canada was not expected to renew Mr. Deaver's contract.

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Deaver's role worries Reagan library board

By George Archibald
and Mark Japscott
THE WASHINGTON TIMES

Embattled lobbyist Michael K. Deaver's continued role as chief fund-raiser for the Ronald Reagan presidential library is being questioned by several officials involved in the non-profit project. They say they are concerned about conflict-of-interest probes involving the former White House deputy chief of staff.

"Concerns have been expressed to me, particularly now that the special independent counsel has been appointed, in terms of how much time Michael Deaver will have in the next few months," said W. Glenn Campbell, chief trustee of the Ronald Reagan Presidential Foundation, which is trying to raise \$85 million for the library at Stanford University.

Mr. Deaver also is a trustee and chairman of the executive committee of the foundation's 100-member board of governors — the effort's principal fund-raising arm.

But he is said to be spending much of his time on his legal defense against allegations that he violated federal conflict-of-interest laws as a lobbyist for foreign clients, particularly the government of Canada on the controversial acid rain issue.

In addition to the court-appointed independent counsel's criminal investigation, separate probes are being pursued by House and Senate committees and the General Accounting Office.

"What I want to stress is, I think it's very important to keep Mr. Deaver's general personal situation separate from his role as a foundation trustee," said Mr. Campbell, who is president of the Hoover Institution at Stanford.

Some members of the Reagan foundation's governing board and some longtime supporters of the president have voiced concern that Mr. Deaver should separate himself from the library fund-raising effort while the investigations are under way, Mr. Campbell said.

One member of the board of governors, who spoke on condition of anonymity, said he considered Mr. Deaver's involvement to be "very detrimental to the president and detrimental to the money we are trying to raise."

"He ought to resign pending the outcome of his own situation," the board member said. "If he comes out all right, then he can be reappointed. If he doesn't, then it is a moot point."

Mr. Campbell said he did not anticipate an effort to obtain Mr. Deaver's resignation from the foundation when the eight-member board of trustees meets in Washington this week.

"What Michael Deaver does or doesn't do is strictly Michael Deaver's decision, as far as I'm concerned," Mr. Campbell said. "I think you'll find that to be the general answer you'll get from the other trustees."

William P. Clark, former national security adviser to Mr. Reagan and the foundation's treasurer, said he had "heard of no such concerns" about Mr. Deaver's continued role in the fund-raising effort. Energy Secretary John S. Herrington, another trustee, said through a spokesman that he had "not heard of any move of this sort and wouldn't support it."

Other trustees include Attorney General Edwin Meese III, the foundation's vice chairman; William French Smith, formerly attorney general; and Mary Jane Wick, wife of U.S. Information Agency Director Charles Z. Wick.

The foundation, whose offices are located on the same floor of the Georgetown office building occupied by Michael K. Deaver & Associates, "shares a computer with the Deaver company," said another governor and longtime confidant of Mr. Reagan.

"I don't know what they share, but the arrangement is a source of concern to some of us," said the foundation official, who declined to be named. Mr. Campbell and other foundation officials confirmed that a computer was being shared.

Mr. Deaver could not be reached for comment over the weekend. Gary L. Jones, executive director of the Reagan foundation, declined to comment.

The bipartisan board of governors — including a veritable "who's who" of Reagan intimates — are the ones actually raising most of the money for the library to house Mr. Reagan's papers when he leaves office, said Mr. Campbell.

The facility will be built on a pristine 20-acre site overlooking the Stanford campus and is scheduled for completion by January 1989, said foundation secretary Martin Ander-

son of the Hoover Institution, who formerly served as White House director of policy development.

Meanwhile, the Canadian Embassy last weekend released a letter from Mr. Deaver in which he announced he would not seek to renew his \$105,000-a-year consulting and lobbying contract with the Canadian government, which was to expire June 30.

Mr. Deaver wrote that he wanted to avoid further embarrassment to Canadian Prime Minister Brian Mulroney. The Washington Times reported last month that the Canadians had decided not to renew the contract.

Mr. Deaver also recently lost \$250,000-a-year contracts with the governments of Mexico and Singapore and has failed to land contracts with Hong Kong and other governments since the conflict-of-interest controversy began this spring. Saudi Arabia is the only foreign government listed in the Justice Department's foreign agent filings that still retains the Deaver firm.

The House Energy and Commerce subcommittee on investigations disclosed that it is sending investigators to Japan, West Germany and possibly other countries to take sworn testimony from U.S. ambassadors and other embassy officials whose help Mr. Deaver allegedly received in connection with obtaining foreign clients.

Mr. Deaver headed a White House committee that made ambassadorial selections before he left the government. During his last year in office, he oversaw the selection of 44 ambassadors, including envoys to Canada, Singapore, West Germany and India — countries in which he later obtained or sought clients.

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Deaver Seeks to Avoid Second House Hearing

From a Times Staff Writer

WASHINGTON—Former Deputy White House Chief of Staff Michael K. Deaver, citing possible conflicts with an ongoing criminal investigation by a special prosecutor, wants a House subcommittee to drop plans to question him again on his lobbying activities, a House aide said Wednesday.

But the aide said that Deaver, who testified before the Energy and Commerce oversight subcommittee for eight hours on May 16, probably would agree to appear again if panel Chairman John D. Dingell (D-Mich.) insisted.

"Is Deaver stonewalling? Absolutely not," said Michael F. Barrett, chief counsel of the subcommittee.

Barrett said Deaver's lawyer, Herbert J. Miller, told him that "he wanted to talk Dingell out of" a promised second appearance because it would conflict with a criminal investigation being conducted by Whitney North Seymour Jr., who was named an independent counsel in the case on May 29.

"As a defense lawyer, you want to limit the number of times your client is out there testifying," Barrett said.

But Miller "never said Deaver would not come back," and "if Dingell said to Miller, 'No, we want him back,' Miller is going to send him in" without the requirement of a subpoena, Barrett added.

The subcommittee, which is investigating Deaver's lobbying for Canada and other clients, has covered only about half the ground it wanted to with him, Barrett said. The panel is considering whether to tighten federal laws that restrict lobbying activities by former federal officials.

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Date 6-12-86

Deaver lobbied OMB for plane

By George Archibald
THE WASHINGTON TIMES

Lobbyist Michael K. Deaver sought to enlist support from Office of Management and Budget Director James C. Miller III for the purchase of more B-1 bombers on the same day the manufacturer offered to cut the price for each plane by \$70 million, according to a trade publication.

Mr. Deaver, former White House deputy chief of staff, on Feb. 28 sent Mr. Miller a list of budget-related questions, most of which were intended to compare B-1 costs with those of its successor, the secret Stealth bomber.

The questions were prepared for Mr. Deaver by Rockwell International Corp., builder of the B-1, officials of the company have confirmed. Mr. Deaver has a \$250,000-a-year consulting and lobbying contract with the firm. Rockwell officials have said the contract was approved by Robert Anderson, chairman of the company, to whom Mr. Deaver reports.

On Mr. Deaver's recommendation, Mr. Anderson also serves on the board of governors of the Ronald Reagan Presidential Foundation, which is raising \$85 million for a presidential library to house Mr. Reagan's papers at Stanford University, several board members said.

A spokeswoman for Michael K. Deaver & Associates yesterday declined to comment, referring inquiries to Mr. Deaver's attorney.

According to the trade newsletter Defense Week, Mr. Deaver's questions to Mr. Miller on behalf of Rockwell were intended "for the budget chief's own information," since cost data about the Stealth "was among the Pentagon's most tightly held secrets."

The 16 questions included:

• "Has the Department of Defense made any studies or analysis of enhanced versions of the B-1Bs?"

• "Could you explain to me all the costs associated with the ATB (Advanced Technical Bomber, or Stealth) program, to include R&D, procurement and military construction in 'then year' dollars?"

• "What is the funding profile for the ATB program (R&D and procurement) for the next five years in 'then year' dollars?"

• "What level of confidence do you have that the ATB program can be brought in at those estimated costs?"

• "When would program risks be sufficiently low to allow a fixed-price contract to be signed on the ATB program?"

• "Is it possible to save money and still support the president's strate-

gic modernization program by slipping the ATB, retiring B-52 earlier, and produce more B-1Bs in the meantime?"

According to OMB spokesman Edwin L. Dale Jr., former White House Counsel Fred F. Fielding was involved in advising Mr. Miller on the propriety of meeting with Mr. Deaver about the B-1 and responding to questions submitted by Mr. Deaver. No answers to the questions were provided by OMB, Mr. Dale said.

Mr. Deaver sent Mr. Miller the questions the day after he met with the OMB director about the B-1, Defense Week reported. The same day, Mr. Anderson sent Defense Secretary Caspar Weinberger a letter offering to sell the government an additional 48 B-1s for \$195 million apiece, the newsletter reported.

For each of the 100 B-1s already purchased, the Pentagon paid \$265 million. The Stealth bomber, built by Northrop Aircraft Corp., is expected to cost about \$277 million, according to defense analysts. The Pentagon plans to buy 132 Stealth bombers beginning in the early 1990s.

Mr. Deaver's lobbying on the B-1 is among the conflict-of-interest allegations being investigated by the government's court-appointed independent counsel, Whitney North Seymour Jr.

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Toadying to Deaver

WASHINGTON While in the White House, Michael Deaver headed a small committee to screen ambassadorial appointments. That foreign interest of an image maker seemed curious; now we learn why he wanted embassies beholden to him.

1. *Passage to India:* The Deaver choice for New Delhi was the diplomat John Gunther Dean; the two met in Indonesia and in Washington, and in overriding the State Department's choice for the post, Mr. Deaver said at the time, "John Gunther Dean is a friend of mine and is helpful to me."

Later, as a lobbyist, Mr. Deaver wrote Ambassador Dean that he was coming to India; two months ago he was able to make his business pitches in New Delhi while staying at the home of the U.S. Ambassador.

Asked about this last month, Ambassador Dean claimed he did not set up Mr. Deaver's appointment schedule; on the phone from New Delhi today, Mr. Dean reiterated flatly: "We had nothing to do with any of his meetings."

I don't believe it. In a cable to the Commerce Department soon after Mr. Deaver returned to Washington, Mr. Dean wrote "it is imperative that we have you pass on" this message to his friend Mr. Deaver:

"Dr. V.K. Modi . . . will be in Washington, D.C., on May 15. . . I have suggested that they meet with you."

As you may recall, I tried to set up a meeting with the Modis during your New Delhi visit. . . Modi Enterprises is the fourth largest business house in India."

Confronted with this contradiction, Mr. Dean fulminated about being smeared and claimed "the linkage that he got me my job and then I offered help is indecent." He wants it known he personally paid \$14 to cover the cost of an overseas Deaver call from the Ambassador's residence.

2. *From Bitburg to Berlin.* Mr. Deaver O.K.'d the appointment of Richard Burt as Ambassador to West Germany; he also hired Gahl Hodges, who later became Mrs. Burt, to be Nancy Reagan's social secretary.

In February of this year, the Burts invited Mr. Deaver to stay at the official residence to make the pitch to publicize Berlin's 750th anniversary. Ambassador Burt freely admits to setting up meetings for him, adding that he did the same for other P.R. firms — in one other case, including a stay at the residence. But there was one big difference: the Burts alerted Mr. Deaver first, and merely responded to requests by the others. As one of his competitors says: "Mike had the inside track; there's no doubt the Embassy gave him the edge."

Why did he screen ambassadors?

3. *Seoul Food:* In the Far East, Ambassador to Japan Mike Mansfield, who knows how to resist White House pressure, refused to do Mr. Deaver's bidding, questioning its propriety; but in South Korea, Ambassador Richard Walker evidently felt no such compunctions.

According to a July 9, 1985, Embassy report mislabeled "confidential," Ambassador Walker's commercial aide dutifully accompanied Mr. Deaver on his combined representation of a client, Philip Morris, and his own solicitation of South Korean business. Fresh out of the White House, Mr. Deaver warned the Deputy Prime Minister that "opposition Democrats" could "pass legislation that could hurt Korea's economy." Staunch supporters of South Korea in both parties — "the specifically named Senators Helms, Nunn, Thurmond and Warner" — were making demands that "put the President on the spot."

But never fear, a Reagan insider was for hire. And representation might be handled with no embarrassing oversight: "His firm will not engage in public relations or advertising," reported the Embassy's commercial counselor, "and he does not wish to undertake work which would require him to register as an agent of Korea."

The final July 11, 1985, luncheon with Kim Kihwan, the South Korean President's dealmaker, should interest investigators now headed to Asia. They will ask if that was where Mr. Deaver began to arrange for a Kim visit to President Reagan; if that was when his representation was set of a "cultural" foundation of uncertain parentage and of a steel company in trouble with the U.S. Customs Service. He came out ultimately with fee billing over \$2 million a year, never directly for the Government — but I assume his lawyers told him evasion of registration would be unwise.

Mr. Deaver is receiving a \$500,000 advance from William Morrow publishers for a book described as "the intimate story of the Reagan marriage." The toadying by envoys he helped put in place, which so often led to whopping fees, will surely not be covered — but blatant favoritism is another chapter in the Deaver exploitation of his Reagan connection.

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House Panel Plans Trips Abroad in Deaver Inquiry

By MARTIN TOLCHIN

Special to The New York Times

WASHINGTON, June 12 — A House panel plans to travel to Bonn and Tokyo later this month to take the sworn testimony of two United States ambassadors in connection with its investigation of Michael K. Deaver, committee sources said today.

In a related development, the Mayor of San Juan, P. R., has called upon both the Securities and Exchange Commission and the independent counsel investigating Mr. Deaver to inquire into whether a New York stock brokerage company inflated its expenses as chief underwriter of a Puerto Rican bond issue to accommodate a \$300,000 fee to Mr. Deaver.

The Mayor also suggested that investigators examine why the brokerage company lent Mr. Deaver, the former White House deputy chief of staff, to the Puerto Rican Government to lobby Congress for retention of a tax break.

Whitney North Seymour, an independent counsel appointed by a three-judge Federal court, and the investigations subcommittee of the House Energy and Commerce Committee are investigating a series of conflict-of-interest charges against Mr. Deaver, who is accused of using his White House ties in lobbying for private clients, including foreign governments.

Purpose of Trips Abroad

Subcommittee sources said that the 18-member panel planned field hearings to investigate two incidents involving American ambassadors.

The panel plans to question Richard R. Burt, the Ambassador to West Germany, about an invitation he and his wife issued to Mr. Deaver to seek a contract with the City of Berlin to publicize the 750th anniversary of its founding.

Mr. Deaver stayed at the Ambassador's residence in Berlin.

Mr. Burt has contended that the invitation to Mr. Deaver had been prompted solely by a desire to help Berlin publicize its anniversary in the United States. He said that he also had helped two other concerns that sought the Berlin contract. However, representatives of the other companies, Gray & Company and Burson-Marsteller, said that, unlike Mr. Deaver, they had initiated the negotiations. The contract is still pending.

The subcommittee also will travel to Tokyo to take testimony from Mike Mansfield, the Ambassador to Japan. Mr. Mansfield had asked the State Department for guidance on Mr. Deaver's lobbying efforts in behalf of a plan to have Japan grant tax relief to Japanese companies investing in Puerto Rico.

Concerns 'Well Founded'

Secretary of State George P. Shultz responded, in a cable to Mr. Mansfield, that the "Embassy's concern over the appropriateness of supporting Puerto Rico's efforts on behalf of a tax-sparing agreement with Japan" was "well-founded." Mr. Shultz noted that Puerto Rico "does not have the authority on its own to negotiate or enter into international agreements."

In another development, Baltasar Corrada del Rio, the Mayor of San Juan, wrote both the Securities and Exchange Commission and the independent counsel on Tuesday that "serious questions have been raised concerning the manner in which Mr. Deaver may have been compensated for his services by the brokerage firm of Smith Barney Harris Upham," which was the chief underwriter on the bond issue.

"Smith Barney, a firm that only has limited participation in Puerto Rican financing programs, was the managing partner in November 1985 of the largest ever general-obligation bond issue, totaling \$500 million, for which it received \$975,000 in expenses, a figure that industry representatives have charged has been excessive," the Mayor said in his letter. "The question has been posed whether Mr. Deaver was paid for his lobbying efforts on behalf of Puerto Rico with the proceeds of this bond issue."

"There is also a question whether Smith Barney was using Mr. Deaver as bait for itself as managing partner of the Puerto Rican Government bond issue," he added.

The Mayor is a political opponent of Gov. Rafael Hernández Colón, whose Government has benefited from Mr. Deaver's lobbying efforts.

Assessing Proper Expenses

Puerto Rican investment companies have said that expenses on the \$500 million bond issue should have been \$1.30 to \$1.40 per \$1,000 of bonds floated, instead of the \$1.95 that was charged.

They said that many of the expenses were fixed, including hotel, travel and printing costs, and should not have increased with the size of the bond issue.

José Ramón González, president of Puerto Rico's Government Development Bank, which issued the bonds, was at a daylong meeting and unavailable for comment. But bank officials have called the underwriter's expenses "routine and quite normal." They said that the large expenses were commensurate with the large issue.

Robert E. Connor, a First Vice President of Smith Barney, said that the \$975,000 in expenses were incurred by all the underwriters, not merely Smith Barney. He declined to say the amount incurred by Smith Barney.

"Deaver's fee had nothing to do with this underwriting," Mr. Connor said. "The fee was paid by Smith Barney, out of Smith Barney funds."

Mr. Connor said that, since 1977, Smith Barney had managed \$2 billion of Puerto Rican debt.

"The inference is that we bought and paid for this issue," Mr. Connor said. "We competed for this."

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Puerto Rico Aide Asks U.S. to Investigate If Deaver Got Some Bond-Issue Proceeds

By MONICA LANGLEY

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — The mayor of San Juan, Puerto Rico, called for a federal investigation into whether Smith Barney, Harris Upham & Co., to cover lobbying fees paid to former White House aide Michael Deaver, inflated its expense charges for underwriting a big Puerto Rican bond issue.

Mayor Baltasar Corrada del Rio this week sent letters to the Securities and Exchange Commission and to the independent counsel recently appointed by the Justice Department.

In his letters, Mayor Corrada asked for a probe of Smith Barney's expense charges to Puerto Rico. Copies of the mayor's letters were obtained by this newspaper.

The independent counsel has begun an investigation into Mr. Deaver's lobbying

activities, including the former White House aide's contacts last summer with Robert McFarlane, then the president's national security adviser, concerning tax laws affecting Puerto Rico.

The Justice Department has asked the independent counsel to determine whether Mr. Deaver's activities may have violated federal conflict-of-interest laws restricting contact between current and former officials of the same office.

As reported, Smith Barney hired Mr. Deaver last year to urge the Reagan administration to retain certain tax provisions favorable to Puerto Rico, one of the brokerage house's clients. About six months later, the firm served as senior manager for a \$500 million tax-exempt bond issue for Puerto Rico.

Smith Barney said it told Puerto Rico that it would receive Mr. Deaver's services free of charge. Yesterday, Smith Barney spokesman Robert Connor said that the firm charged \$975,000 in expenses on behalf of all the underwriters. He added that the expenses charged to Puerto Rico "had nothing to do with Deaver's fee. It was paid by Smith Barney totally apart from this underwriting."

Smith Barney has said the consulting work performed by Mr. Deaver didn't have anything to do with its selection by Puerto Rico to manage the bond issue. But Mayor Corrada asked federal investigators to determine whether Smith Barney "was using Mr. Deaver as bait to force itself as managing partner of the Puerto Rican government bond issue."

The independent counsel also is looking into whether Mr. Deaver's activities were intended improperly to influence White House officials dealing with the tax issue. In the past, Mr. Deaver has denied doing anything improper.

In his letter to the independent counsel and the SEC, San Juan's mayor said Smith Barney's charge for expenses is "a figure that industry representatives have charged as being 'excessive.'" He asked for a probe into "whether Mr. Deaver was paid for his lobbying efforts on behalf of Puerto Rico with the proceeds of this bond issue."

In addition to reimbursement for expenses, Smith Barney and the other 20 underwriters received a seller's commission of \$6.8 million, \$1.5 million management fee and \$500,000 for underwriting the issue, a company official said.

Mayor Corrada is a likely candidate to run for governor of Puerto Rico in 1988 against incumbent Hernandez Colon.

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House Deaver Panel in Conflict Over Witness

By MARTIN TOLCHIN

Special to The New York Times

WASHINGTON, June 10 — Democratic members of a House panel said today that they might ask the Justice Department to investigate charges of conflict of interest against Fred F. Fielding, former White House counsel, who testified today about his relationship with Michael K. Deaver.

Republican members responded that they were "shocked" by these allegations, and they said that the Democrats' comments threatened bipartisan support for the committee's investigation of Mr. Deaver's lobbying actions.

Mr. Fielding, who is now in private practice, was accused by Democratic members of the panel of entering into negotiations for a possible job with Mr. Deaver's lobbying concern at the time that he sent the Office of Government Ethics a memorandum clearing Mr. Deaver of conflict-of-interest charges.

Mr. Fielding defended himself in a closed hearing of the Investigations Subcommittee of the House Energy and Commerce Committee. He later declined to comment on either his testimony or the charges against him.

Mr. Fielding previously denied any wrongdoing and said he and Mr. Deaver had only informal employment discussions before Mr. Deaver left the

White House in May 1985 to form his lobbying firm.

The subcommittee, as well as a court-appointed independent counsel, are investigating to determine whether Mr. Deaver, the former White House deputy chief of staff, violated conflict-of-interest laws by lobbying his former colleagues on issues he handled while in Government service.

One panel member said after the hearing today that Mr. Fielding had suggested that his role in sending the memorandum was merely "ministerial," in that it had been prepared by his staff and he had merely signed it.

But Democratic members contended that, at best, Mr. Fielding's actions demonstrated an insensitivity to ethical standards and, at worst, a violation of the Ethics in Government Act.

"On the public record, there's a prima-facie case that Section 208 has been abused," Representative Gerry Sikorski, Democrat of Minnesota, said after the hearing, referring to the Ethics in Government Act. "There was certainly the appearance of impropriety." Section 208 relates to employment after leaving the Government, and, among other restrictions, prohibits a Government official from taking official actions to aid a prospective employer.

Mr. Sikorski has charged that Mr. Fielding wrote the memorandum on Feb. 28, the day after having lunch with William Sittman, a vice president of the Deaver company, to discuss em-

ployment with the concern. On March 10, Mr. Fielding excused himself from further activity in the Deaver case. Mr. Fielding left the White House March 31.

In a related move, Representative John D. Dingell, Democrat of Michigan, the subcommittee chairman, told reporters that "Mr. Deaver will be coming back" to resume his testimony.

The Republican members of the subcommittee, in a statement after the hearing, said, "Mr. Fielding's testimony demonstrated that his actions as White House counsel were circum-spect, in compliance with the law, and scrupulously ethical," according to Russell Smith, associate minority counsel.

"We are therefore shocked that other members of the subcommittee chose to make totally unfounded allegations against a witness whose innocence was

confirmed by the facts of the hearing," the Republicans said.

The Fielding memorandum concerned Mr. Deaver's meetings with Drew Lewis, the United States special envoy on an acid rain agreement with Canada. Mr. Fielding advised the ethics office that Mr. Lewis was an employee of the State Department, not the White House staff, and had not received administrative support from the White House.

If Mr. Lewis was part of the White House staff, Mr. Deaver, former White House deputy chief of staff who represented Canada, would have been restricted from seeing him on behalf of a client for one year.

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Deaver Objects to Testifying 2nd Time Before House Panel

By Howard Kurtz
Washington Post Staff Writer

Former White House aide Michael K. Deaver is balking at testifying again before a House subcommittee investigating his lobbying activities, saying that such testimony would conflict with a two-week-old probe by an independent counsel, congressional sources said yesterday.

Deaver's attorney, Herbert J. Miller, has asked that panel Chairman John D. Dingell (D-Mich.) abandon plans to question Deaver in a second day of closed hearings, the sources said. They said Miller has requested a meeting with Dingell to argue that Deaver should be excused from testifying further because of the criminal investigation being conducted by independent counsel Whitney North Seymour Jr.

But some members of the Energy and Commerce subcommittee on oversight and investigations say they think that Deaver had already agreed to complete his testimony before the panel and that they are prepared to subpoena him if necessary, the sources said. Deaver did not complete his initial testimony May 16, a Friday, because most subcommittee members were leaving town for the weekend.

Deaver canceled several news interviews scheduled for that day on grounds that the hearings were not over. The second hearing was delayed until this month to accommodate a Deaver business trip to South Korea, but no date was set before Seymour was named May 29, prompting Deaver's attorneys to object to continuing the hearing.

The dispute surfaced yesterday as the subcommittee spent nearly three hours questioning former White House counsel Fred F. Fielding about his role in an administration inquiry into Deaver's lobbying. That inquiry and others led the Justice Department to seek the independent counsel, who is examining whether Deaver violated conflict-of-interest laws in resigning last spring as White House deputy chief of staff and later lobbying the administration on behalf of Canada, Puerto Rico and other clients.

Deaver's spokeswoman referred questions to Miller's office, which declined comment.

Dingell has said that Seymour's appointment would not affect his subcommittee's probe of Deaver, and congressional sources said the panel is likely to subpoena Deaver to testify if the impasse persists.

"In no way can the appointment of a special prosecutor push aside congressional responsibility to do vigorous oversight," said Rep. Ron Wyden (D-Ore.). "I think it would be derelict to suggest that our duties be put aside. The subcommittee has no intention of doing so."

Deaver's congressional testimony could be provided upon request to the independent counsel, and any inconsistencies or discrepancies with other witnesses' accounts could become part of the criminal probe. Dingell has often held hearings on matters under criminal investigation, saying that his subcommittee must determine the need for new legislation regardless of whether indictments are brought.

After 11 members questioned Fielding in closed session yesterday, Rep. Thomas A. Luken (D-Ohio) accused the former White House counsel of displaying "a great insensitivity, which places him in the same category as Mr. Deaver."

"I get the impression that in some of these cases people skipped Common Sense 101 in school," Wyden said. "Mr. Fielding certainly did. I think the president was poorly served."

But four GOP members said in a statement that Fielding's conduct had been "scrupulously ethical" and showed "no evidence of favoritism." They said the Dingell probe "is in danger of going out of control."

Fielding, now a Washington lawyer, could not be reached for comment. At issue in the hearing was whether he should have disqualified himself sooner than he did from an administration probe of Deaver because he had been approached about a possible job with Deaver's multimillion-dollar consulting firm.

Fielding has called the matter "a misunderstanding" and said he never seriously considered joining Deaver's firm. He has said he disqualified himself from the Deaver probe in early March "out of an abundance of caution" after Deaver sought a meeting with him on a possible job.

Fielding signed a White House memo Feb. 28 to the Office of Government Ethics, which was examining whether Deaver had violated federal law in representing Canada on the acid rain problem. The day before, William Sittman, vice president of Michael K. Deaver & Associates, had asked Fielding over lunch to consider joining the firm.

Fielding's memo contended that Drew Lewis, a special presidential envoy on acid rain, should not be considered a White House official. This was important because Deaver, who met with Lewis last October on Canada's behalf, was barred by law from contacting White House officials for one year after leaving his White House post.

Fielding's memo said Lewis received no support from the White House and should not be considered a White House official. But the General Accounting Office said the memo was inaccurate and that Lewis should be viewed as part of the White House.

In addition to the acid-rain controversy, Seymour is investigating whether Deaver violated the law by contacting then-White House national security affairs adviser Robert C. McFarlane last year in support of tax breaks for U.S. companies in Puerto Rico. Deaver was representing Smith, Barney, Harris, Upham & Co., which underwrites bonds in Puerto Rico.

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Panel to question Fielding conduct in Deaver probe

By George Archibald
THE WASHINGTON TIMES

Former presidential counsel Fred F. Fielding will face closed-door questioning today by a House panel pursuing allegations that he mishandled a conflict-of-interest investigation of lobbyist Michael K. Deaver while still in the White House.

Mr. Fielding is appearing before the House Energy and Commerce subcommittee on oversight and investigations to face allegations that he may have violated federal ethics laws by heading an internal probe of Mr. Deaver, the former White House deputy chief of staff, while negotiating possible employment with the firm of Michael K. Deaver & Associates.

The internal White House inquiry took place during the first four months of this year in response to the House investigation initiated by Rep. John D. Dingell, Michigan Democrat and chairman of the House committee.

Mr. Fielding has denied any impropriety, saying he and Mr. Deaver had only informal employment discussions sometime prior to May 1985, when Mr. Deaver left the government.

He said he disqualified himself from involvement in the Deaver probe on March 10, after further informal employment discussions started with officials of the Deaver firm.

According to Minnesota Democratic Rep. Gerry Sikorski, a member of the House panel, William F. Sittmann, vice president of Michael K. Deaver & Associates, asked Mr. Fielding Feb. 28 to consider anew Mr. Deaver's previous invitation to join the firm.

Mr. Fielding continued the discussions with Mr. Deaver and Mr. Sittmann March 7 at the firm's Georgetown offices, and again with the firm's secretary-treasurer, Frederick G. Hale, on March 11, the congressman said.

During the same period, President Reagan's former counsel also misled the Office of Government Ethics and congressional investigators about the relationship of the White House to former U.S. special envoy Drew L. Lewis, Mr. Sikorski

Mr. Fielding had told ethics office director David H. Martin in a Feb. 28 memorandum that Mr. Lewis was a State Department employee rather than a White House employee during his 10-month stint as special envoy on the acid rain issue. "He (Mr. Lewis) had no administrative support from the White House office," Mr. Fielding stated in the memo.

But according to General Accounting Office officials who testified before the House subcommittee May 12, Mr. Lewis was given office space in the Old Executive Office Building, part of the White House complex. Also, the White House staff helped Mr. Lewis set up meetings and provided other administrative support.

Mr. Deaver, under contract as a lobbyist to the government of Canada, met Oct. 25 with Mr. Lewis and Canadian officials to discuss the outcome of a joint U.S.-Canadian acid rain report that led to a \$5 billion effort by the United States to clean up pollution that purportedly causes acid rain.

If Mr. Lewis was a White House official in his capacity as a special presidential envoy, Mr. Deaver's meeting would have been illegal.

Federal ethics laws bar former senior government officials from contacting their former agency for at least one year as representatives of domestic or foreign clients, and for at least two years on issues for which they had some personal responsibility.

Mr. Fielding did not respond yesterday to inquiries to his office.

Congressional sources said yesterday that the former presidential counsel will also be questioned about his role in other Deaver-related ethics matters.

Earlier this year, Mr. Fielding was involved in advising Office of Management and Budget Director James C. Miller III before and after a controversial meeting with Mr. Deaver concerning further government purchases of the B-1 bomber, according to OMB spokesman Edwin L. Dale Jr.

Mr. Deaver has a \$250,000-a-year lobbying contract with Rockwell International Corp., which builds the B-1. At the meeting, he gave Mr. Miller a list of technical questions seeking a government comparison of the B-1 with its secret successor, the Stealth bomber built by the Northrop Corp., Mr. Dale confirmed.

Mr. Deaver did not receive responses to the questions, Mr. Dale said.

According to a senior administration ethics official, Mr. Deaver went to Mr. Fielding for help on numerous occasions in early 1985 after announcing plans to leave the president's staff.

Mr. Fielding confirmed in an April interview that he advised Mr. Deaver on ways to avoid potential problems. He said he gave advice on clients Mr. Deaver could represent and on lobbying work that might involve future contacts with the White House or other government agencies.

Sources said Mr. Fielding was also involved late last year in discussions between Mr. Deaver and top members of the White House staff about the propriety of Mr. Reagan signing a letter drafted by the Deaver firm that endorsed the return of a major baseball team to Washington. Mr. Reagan signed the letter to Baseball Commissioner Peter V. Ueberroth Nov. 6.

Mr. Deaver donated his public relations services to local business and government leaders seeking a new baseball franchise for Washington, but he was previously involved in the issue while at the White House, sources said. Moreover, about a dozen other cities also were competing for the baseball franchise.

Mr. Deaver's role in the matter was part of the Justice Department's preliminary inquiry leading up to the appointment of an independent counsel to investigate possible criminal wrongdoing by Mr. Deaver.

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Head of P.R. Agency Critical of Deaver Acts

By JUBESHIVER Jr.,
Times Staff Writer

The head of the nation's fifth-largest public relations firm on Thursday criticized as unethical the lobbying activities of former presidential aide Michael K. Deaver. He said the industry should support new laws aimed at tightening government oversight of lobbyists.

In a sharply worded speech to about 30 Los Angeles business executives, Daniel J. Edelman, founder and chairman of the Chicago-based Daniel J. Edelman Inc., accused Deaver of crossing the line "between traditional public relations practice and the area of overt influence peddling. . . . I believe that Michael Deaver has acted, at the very least, unethically."

Deaver, 48, a close friend of President Reagan and his wife, Nancy, was White House deputy chief of staff until his resignation on May 10, 1985.

Deaver says he has not done anything wrong in the year since he began representing business and foreign interests that include the governments of Canada, Mexico and Saudi Arabia.

Federal conflict-of-interest laws prohibit for life former federal officials such as Deaver from lobbying on any issue in which they were personally and substantially involved while in government.

Edelman told the Los Angeles business executives that if left unchallenged, Deaver's controversial lobbying activities might hurt the reputation of the \$1-billion-a-year public relations industry.

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Deaver's Berlin Visit Reflects Ties to Government

By MARTIN TOLCHIN

Special to The New York Times

WASHINGTON, June 4—Richard R. Burt, the United States Ambassador to West Germany, said today that he and his wife invited Michael K. Deaver to Berlin last February to seek a contract to publicize next year's 750th anniversary of the founding of Berlin.

Mr. Deaver, the former deputy White House chief of staff, is currently under investigation to determine whether he violated criminal statutes concerning his public relations activities after leaving the White House in May 1985. The Berlin visit represents no apparent violation of Federal ethical or legal standards, but one case gives insight into how Mr. Deaver used his relationships with former co-workers in the Government to further his business once he left the White House.

The invitation was issued on behalf of the Burts by Mrs. Burt, the former Gahl Hodges, who was originally hired by Mr. Deaver to serve as social secretary to President Reagan's wife, Nancy. Mr. Deaver, a close friend of the Reagans, stayed at the Ambassador's residence in Berlin.

Mr. Burt said he also arranged meetings between Mr. Deaver and Berlin officials.

Mr. Deaver, who later submitted a

proposed contract that is still pending, declined to comment on the visit.

A network of friends made during Mr. Deaver's Government service has helped him to recruit and serve his clients, who include several foreign governments. Last April, for example, Mr. Deaver stayed at the New Delhi residence of another longtime friend, John Gunther Dean, the United States Ambassador to India, while soliciting contracts from Indian companies.

Last week a three-judge Federal court panel here appointed Whitney North Seymour Jr., a former United States Attorney in Manhattan, as an independent counsel to investigate conflict-of-interest charges against Mr. Deaver. He is also being investigated by the Investigations Subcommittee of the House Energy and Commerce Committee.

Mr. Burt said in four telephone interviews from Bonn that the invitation to Mr. Deaver had been prompted solely by a desire to help Berlin publicize its anniversary in the United States.

"We told the Berliners that we would help them meet with anyone interested in helping them with their public relations requirements for their 750th anniversary," the Ambassador said. "My purpose and Gahl's purpose was to make sure that the Berliners' 750th birthday was going to be a success."

Mr. Burt noted that Berlin was not part of West Germany but remained occupied by the Allied powers. The Ambassador serves as the United

States Commissioner in Berlin, the top American official in the American sector.

Shortly after Mr. Deaver's visit, two executives of Gray & Company, an other lobbying and public relations company, visited Berlin, met with local officials and submitted a proposed public relations contract, which also is pending. Unlike Mr. Deaver, however, the executives had not been invited by the Burts.

"We came upon the Berlin thing ourselves," said Henry Hubbard, senior vice president of Gray and Company, who is involved in the Berlin contract.

The two executives stayed at the ambassadorial residence in Berlin, however. Mr. Hubbard noted that Mr. Burt was an old friend of Adm. Daniel J. Murphy, a Gray and Company executive who previously served as chief of staff to Vice President Bush. "Richard Burt was tremendously helpful," Mr. Hubbard said.

Mr. Burt said he had also invited Harold Burson, president of Burson-Marsteller, a New York-based lobbying and public relations company, to Berlin. An aide said Mr. Burson was in China and could not be reached for comment.

Mr. Burt also said he had shown no favoritism toward Mr. Deaver. "Everyone I've spoken to about possibly providing services to the Berliners, I've made it very clear that we can't play favorites," the Ambassador said.

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PARADE'S SPECIAL Intelligence Report

The Deaver-Reagan Relationship

At this writing, there are an estimated 20,000 lobbyists in Washington, D.C. None has generated more envy and recent controversy than Michael K. Deaver, 48, one of President Reagan's old California press-agent buddies, his former deputy chief of staff and the acknowledged engineer of Nancy Reagan's current woman-to-be-admired image.

The jealousy Deaver has spawned is understandable. Since he departed the White House in May 1985, Deaver has put together a fabulously successful public-relations firm that books business of \$3 million-plus per year. He is its major owner. The Saatchi brothers, Charles and Maurice, a pair of shrewd Englishmen of Iraqi extraction, reportedly are willing to pay \$18 million for it—provided, of course, that Deaver's company is cleared of ethics and conflict-of-interest charges and that Mike remains at its helm.

Owing to his 20-year friendship with the Reagans, Mike Deaver offers extraordinary access to the powers-that-be in this

Administration. This precisely is why he signed the following foreign clients at the following annual fees:

Saudi Arabia	\$500,000
Korea Broadcasting Ad Corp.	\$475,000
International Cultural Society of Korea....	\$475,000
CBI Sugar Group (Central American and Caribbean consortium)	\$300,000
Daewoo of Korea	\$250,000
Mexico	\$250,000
Canada	\$105,000

All of these clients seek concessions or considerations from the U.S. government or the American people or both, and Mike Deaver is the man they are willing to pay handsomely for his influence and contacts in obtaining same. For a onetime poor boy from Bakersfield, Calif., whose talent and influence were confined mostly to playing the piano, Deaver has zoomed to astronomical heights in the galaxy of Washington lobbyists. He would be the first to admit that he owes it all to his grateful, well-wishing cronies, Ron and Nancy, who are sure to stand by him in weather fair or foul.

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Deaver's Berlin Visit Reflects Ties to Government

By MARTIN TOLCHIN

Special to The New York Times

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The invitation was issued on behalf of the Burts by Mrs. Burt, the former Gahl Hodges, who was originally hired by Mr. Deaver to serve as social secretary to President Reagan's wife, Nancy. Mr. Deaver, a close friend of the Reagans, stayed at the Ambassador's residence in Berlin.

Mr. Burt said he also arranged meetings between Mr. Deaver and Berlin officials.

Mr. Deaver, who later submitted a

proposed contract that is still pending, declined to comment on the visit.

A network of friends made during Mr. Deaver's Government service has helped him to recruit and serve his clients, who include several foreign governments. Last April, for example, Mr. Deaver stayed at the New Delhi residence of another longtime friend, John Gunther Dean, the United States Ambassador to India, while soliciting contracts from Indian companies.

Last week a three-judge Federal court panel here appointed Whitney North Seymour Jr., a former United States Attorney in Manhattan, as an independent counsel to investigate conflict-of-interest charges against Mr. Deaver. He is also being investigated by the Investigations Subcommittee of the House Energy and Commerce Committee.

Mr. Burt said in four telephone interviews from Bonn that the invitation to Mr. Deaver had been prompted solely by a desire to help Berlin publicize its anniversary in the United States.

"We told the Berliners that we would help them meet with anyone interested in helping them with their public relations requirements for their 750th anniversary," the Ambassador said. "My purpose and Gahl's purpose was to make sure that the Berliners' 750th birthday was going to be a success."

Mr. Burt noted that Berlin was not part of West Germany but remained occupied by the Allied powers. The Ambassador serves as the United

States Commissioner in Berlin, the top American official in the American sector.

Shortly after Mr. Deaver's visit, two executives of Gray & Company, another lobbying and public relations company, visited Berlin, met with local officials and submitted a proposed public relations contract, which also is pending. Unlike Mr. Deaver, however, the executives had not been invited by the Burts.

"We came upon the Berlin thing ourselves," said Henry Hubbard, senior vice president of Gray and Company, who is involved in the Berlin contract.

The two executives stayed at the ambassadorial residence in Berlin, however. Mr. Hubbard noted that Mr. Burt was an old friend of Adm. Daniel J. Murphy, a Gray and Company executive who previously served as chief of staff to Vice President Bush. "Richard Burt was tremendously helpful," Mr. Hubbard said.

Mr. Burt said he had also invited Harold Burson, president of Burson-Marsteller, a New York-based lobbying and public relations company, to Berlin. An aide said Mr. Burson was in China and could not be reached for comment.

Mr. Burt also said he had shown no favoritism toward Mr. Deaver. "Everyone I've spoken to about possibly providing services to the Berliners, I've made it very clear that we can't play favorites," the Ambassador said.

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FROM: NEWS
SUBJECT: FBI : FBI INVESTIGATION RELEASED SIMULTANEOUSLY THE JUSTICE DEPARTMENT
♦ UPI REGIONAL WIRE (NEW YORK AREA)

POSTED: THU 29-MAY-86 16:26 EDT Sys 97 (48)

COURT NAMES DEEVER SPECIAL PROSECUTOR
BY TIMOTHY BANNON

WASHINGTON (UPI) - A SPECIAL FEDERAL COURT THURSDAY NAMED A FORMER U.S. ATTORNEY FROM NEW YORK AS AN INDEPENDENT COUNSEL TO INVESTIGATE ALLEGATIONS EX-WHITE HOUSE AIDE MICHAEL DEEVER VIOLATED ETHICS LAWS BY LOBBYING FOR FOREIGN GOVERNMENTS, PARTICULARLY CANADA AND PUERTO RICO.

IN A BRIEF ORDER, THE COURT APPOINTED WHITNEY NORTH SEYMOUR JR. TO LEAD THE INVESTIGATION REQUESTED BY THE JUSTICE DEPARTMENT UNDER THE 1978 ETHICS IN GOVERNMENT ACT.

SEYMOUR WAS DIRECTED TO EXPLORE NEWLY DISCLOSED ALLEGATIONS DEEVER MAY HAVE VIOLATED CONFLICT OF INTEREST LAWS LAST YEAR BY APPROACHING NATIONAL SECURITY ADVISOR ROBERT MCFARLANE ABOUT RETENTION OF A SECTION OF THE INTERNAL REVENUE CODE WORTH \$600 MILLION TO PUERTO RICO.

THE INQUIRY ALSO WILL FOCUS ON MUCH-PUBLICIZED ALLEGATIONS THAT WHILE AT THE WHITE HOUSE, DEEVER PARTICIPATED IN MEETINGS WITH CANADIAN OFFICIALS ON THE ACID RAIN ISSUE; THEN REPRESENTED THE CANADIAN GOVERNMENT ON THE SAME ISSUE AS PRIVATE LOBBYIST.

IN A REPORT TO THE COURT ON A PRELIMINARY FBI INVESTIGATION, RELEASED SIMULTANEOUSLY, THE JUSTICE DEPARTMENT SAID: "MR. DEEVER'S POST-FEDERAL EMPLOYMENT REPRESENTATION OF THE COMMONWEALTH OF PUERTO RICO AND THE GOVERNMENT OF CANADA COULD CONSTITUTE A NUMBER OF OFFENSES" UNDER THE ETHICS LAW.

THE COURT, A DIVISION OF THE FEDERAL APPEALS COURT FOR THE DISTRICT OF COLUMBIA, SPECIFIED, HOWEVER, THAT SEYMOUR HAS JURISDICTION TO "INVESTIGATE ANY RELATED MATTERS AND OTHER ALLEGATIONS OR EVIDENCE OF VIOLATION OF ANY FEDERAL CRIMINAL LAW" BY DEEVER ARISING FROM HIS INQUIRY.

DEEVER SPOKESWOMAN PAMELA BAILEY HAD NO IMMEDIATE COMMENT ON THE DEVELOPMENT, BUT DEEVER SAID THIS WEEK THAT HE WAS PLEASED THAT AN INDEPENDENT COUNSEL WOULD BE APPOINTED BECAUSE HE BELIEVES "A FULL AND IMPARTIAL HEARING" WILL CLEAR HIS NAME. DEEVER WAS AMONG SEVERAL PARTIES THAT ASKED FOR APPOINTMENT OF A SPECIAL PROSECUTOR.

SEYMOUR, WHO ALREADY HAS BEEN SWORN IN TO THE POST, SERVED AS U.S. ATTORNEY FOR THE SOUTHERN DISTRICT OF NEW YORK DURING THE NIXON ADMINISTRATION FROM 1970 TO 1973. CURRENTLY A PARTNER IN HIS OWN NEW YORK LAW FIRM, BROWN & SEYMOUR, HE IS A PAST PRESIDENT OF THE NEW YORK STATE BAR ASSOCIATION AND THE FEDERAL BAR COUNCIL.

THE SEVEN-PAGE JUSTICE DEPARTMENT REPORT, SIGNED BY DEPUTY ATTORNEY GENERAL LOWELL JENSEN, SAID DEEVER MAY HAVE VIOLATED ETHICS LAWS IN A TELEPHONE CALL TO MCFARLANE IN JULY OR AUGUST OF 1985 - NO MORE THAN FOUR MONTHS AFTER RESIGNING ON MAY 10, 1985 AS DEPUTY WHITE HOUSE CHIEF OF STAFF.

THE REPORT SUGGESTED THAT THE PHONE CALL MAY HAVE VIOLATED A SECTION OF THE ETHICS LAW THAT WOULD BAR DEEVER FROM CONTACTING WHITE HOUSE OFFICIALS ON ISSUES THEY WERE CONSIDERING.

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Deaver's Lobbying for Puerto Rico Brought Reprimand From Shultz

By MARTIN TOLCHIN
Special to The New York Times

WASHINGTON, June 2 — Secretary of State George P. Shultz, in January, questioned the "appropriateness" of an investment proposal backed by Michael K. Deaver, involving Japan and Puerto Rico.

Mr. Shultz expressed his concern in a cable to Mike Mansfield, United States Ambassador to Japan, and said that the State Department "will independently apprise Michael K. Deaver and Associates" of its views.

An Administration official said the cable reflected Mr. Shultz's frustration on being told that Mr. Deaver was in Tokyo seeking to facilitate an international agreement, without the knowledge of either the State Department or the White House. No one has said that this violates any laws, but the incident also reflected the confusion on the part of the embassy in Tokyo in seeking to determine whether or not Mr. Deaver, who is a close friend of President Reagan, was really speaking for the President.

Tax Break for Investors

Under the plan, which Federal officials said had not been cleared in Washington, Japanese investors in Puerto Rico would be spared some taxes in Japan. Mr. Deaver met in Tokyo last January with Mr. Mansfield to ask him to support the tax sparing plan, and to facilitate meetings with Japanese business executives.

Mr. Mansfield asked Mr. Shultz how to proceed. The Secretary replied that the "embassy's concern over the appropriateness of supporting Puerto Rico's efforts on behalf of a tax sparing agreement with Japan" was "well founded."

Mr. Shultz's cable, which was made available to The New York Times, said that the Commonwealth of Puerto Rico "does not have the authority on its own to negotiate or enter into international agreements."

The State Department said only the Federal Government had the authority to negotiate international agreements on behalf of the states and Puerto Rico.

"In addition," the cable continued, "the U.S. opposes the principle of tax sparing and does not enter into tax sparing agreements with any country."

'We Backed Off'

A spokesman for Mr. Deaver said that after the cable, "we heard that the State Department had legitimate concerns, and we backed off."

Mr. Deaver began working for Puerto Rico in May 1985 when he was hired by Smith Barney Harris Upham, the brokerage house, which loaned him to the Puerto Rican government. He helped the commonwealth retain a tax break worth \$600 million in the new tax bill, and also lobbied in Tokyo for the tax sparing plan.

Last week, a three-judge Federal court appointed Whitney North Seymour Jr., a Manhattan lawyer, as independent counsel to investigate conflict of interest charges against Mr. Deaver, who resigned as White House Deputy chief of staff in May 1985.

In recommending appointment of an independent counsel, the Justice Department cited his work on the tax bill on behalf of Puerto Rico. Mr. Deaver's work in Tokyo was not mentioned.

The department said that Mr. Deaver's lobbying on the tax bill could have violated a law prohibiting former White House officials for one year after resigning "from making any oral or written communication to the White House office or any of its officials, with the intent to influence, in connection with such a particular matter."

Robert E. Connor, first vice president of Smith Barney, which hired Mr. Deaver, said that as sellers of Puerto Rican bonds, "We've been doing business with Puerto Rico for 25 years." He said his company asked Mr. Deaver to help the commonwealth with its tax problems.

In November, Smith Barney and Manufacturers Hanover Trust were the lead underwriters on a \$500 million general obligation bond issued by the Puerto Rico's General Development Bank, according to Charles Zimmerman, the bank's senior vice president.

Mr. Deaver's spokesman said that the lobbyist became involved in the tax sparing plan at the behest of Richard Copaken, a lawyer with Covington and Burling, a Washington law firm. Mr. Copaken, accompanied by Gov. Rafael Hernández Colon of Puerto Rico, met with Mr. Mansfield in Tokyo in December. Mr. Deaver then wrote Mr. Mansfield in support of the plan, before meeting with the Ambassador in January.

Mr. Copaken, who represents the Commonwealth of Puerto Rico, took issue with the cable from Mr. Shultz. First, he said, Puerto Rico is a commonwealth, not a territory.

Second, he said, the day the cable was sent, the President signed a law that extended tax sparing to two new Governments — the Marshall Islands and Micronesia.

Third, he said, Puerto Rico from the beginning was seeking United States consent to negotiate a tax sparing agreement, and did not seek to act on its own.

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Page 15 FBI/DOJ

Lawyer takes Deaver case



AP
SEYMOUR: 'Let the chips fall where they may.'

He investigated financier Robert Vesce and Watergate figure John Mitchell.

Now, lawyer Whitney North Seymour Jr., 63, will look over the shoulder of President Reagan's former White House aide Michael Deaver.

Seymour, who describes himself as a country lawyer practicing in midtown Manhattan, was named a special prosecutor Thursday to decide if there are grounds to prosecute Deaver in a case involving conflict-of-interest laws.

"Let the chips fall where they may," said Seymour, who lives in New York City.

To political groupies, he is an iconoclast — a Republican who suggested that the GOP nominate a black to run against New York City Mayor Ed Koch two years ago; a U.S. Senate candidate who was arrested in 1982 for distributing campaign literature at the Altamont, N.Y., Fair.

To lawyers, he is a maverick — a Wall Street lawyer who gave it up to form his own "people-oriented" partnership.

He's also a former U.S. attorney and New York Bar Association president who says lawyers are pricing themselves out of business.

"Most individuals of modest means simply cannot afford to hire a lawyer at today's prices," he said — and that was 11 years ago.

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Deaver's job moves outlined in report

By Ralph Soda
USA TODAY

A Justice Department report released Thursday details how former presidential aide Michael Deaver may have violated conflict-of-interest laws.

The report, based on a preliminary FBI inquiry, led a federal court Thursday to name former U.S. Attorney Whitney North Seymour Jr. as special counsel to investigate Deaver.

The report says Deaver, who resigned his White House post in May 1983, may have violated federal law by using his White House contacts to enhance his lobbying firm.

■ Last summer, as a lobbyist for Puerto Rico, he contacted then-National Security Adviser Robert McFarlane and "proceeded to present" Puerto Rico's opposition to eliminating tax credits for USA businesses on the island.

■ The FBI said that in February and March 1983, while at the White House, Deaver "gave advice and ... participated in the controversy" between Canada and the United States over acid rain. "On October 25, 1983, an important meeting relating to the controversy was attended by Deaver, U.S. envoy Drew Lewis and his Canadian counterpart. At the meeting, Deaver spoke out as Canada's consultant."

Deaver, who has denied any illegality, had called for a special counsel to clear his name.

The Ethics in Government Act of 1978 bars former executive branch officials from lobbying the government on issues in which they had "personally and substantially" participated.

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Date 5/30/84

Court will appoint counsel to probe Deaver's lobbying

By George Archibald
and Michael Hedges
THE WASHINGTON TIMES

The U.S. Court of Appeals yesterday announced it would appoint an independent counsel to investigate conflict-of-interest allegations against former White House Deputy Chief of Staff Michael K. Deaver.

Justice Department sources said the court order indicated that the process was well along, and that an independent counsel should be named within several days.

The announcement was made by a three-member panel of judges. It was contained in a brief order that said Attorney General Edwin Meese III could disclose a Justice Department report and request to the court for an independent counsel.

The order was issued by Judges George E. MacKinnon, Lewis R. Morgan and Walter R. Mansfield, all senior members of the U.S. Court of Appeals for the D.C. Circuit.

Patrick S. Korten, a Justice Department spokesman, confirmed the

department had filed the request on May 22.

Mr. Korten said the department's report would remain embargoed until the independent counsel is named in the Deaver case.

"The court said we should wait to release the text of our application [until] they appoint a special prosecutor," Mr. Korten said. "Now they must find and appoint a special prosecutor."

Also embargoed, Mr. Korten said,

see COUNSEL, page 8A

was the scope of the independent counsel's inquiry.

Mr. Meese disqualified himself from direct involvement in the Justice Department investigation because he had been a close associate of Mr. Deaver since the mid-1960s when Mr. Reagan was governor of California.

Five Democratic members of the Senate Judiciary Committee and Mr. Deaver himself had requested a special counsel to determine whether Mr. Reagan's former senior aide has violated conflict-of-interest laws in connection with his lobbying activities on behalf of the Canadian government and other clients.

Pamela G. Bailey, a spokeswoman for Michael K. Deaver & Associates, said, "Mr. Deaver is pleased that the process toward a fair hearing is on course. He requested weeks ago that an independent counsel be appointed, believing that such a counsel is the only appropriate way to have the various allegations fully and impartially reviewed."

Mr. Deaver's firm obtained more than \$4.5 million worth of consulting and lobbying contracts with foreign and domestic clients less than a year after he resigned his White House post.

His activities, before and after he left the government, have been probed by congressional panels, the General Accounting Office and the White House Office of Government Ethics.

At issue is whether Mr. Deaver acted improperly to obtain lobbying contracts while he was still a senior White House aide, or to benefit clients through prohibited contacts with government officials since he resigned his position in May 1985.

Mr. Deaver has repeatedly denied any wrongdoing.

He testified before a House Energy and Commerce investigations subcommittee on May 16 that he had "absolutely never taken advantage" of his former White House position or his nearly 20-year friendship with the president and Mrs. Reagan. He said he was the victim of politically motivated "mean-spirited" attacks that implicitly questioned the integrity of Mr. Reagan.

The Justice Department's request for appointment of an independent counsel in the Deaver case was made under the Ethics in Government Act of 1978, an outgrowth of the Watergate scandal. The law was designed to assure impartial investigation of alleged criminal conduct by high executive branch officials.

It was intended to avoid the potential conflicts that could occur when the attorney general, a presidential appointee, investigates the president or other top executive branch officials.

The last independent counsel to be appointed was Jacob A. Stein, a Washington attorney named in 1984 to conduct a probe of Mr. Meese, who was ultimately cleared of misconduct in connection with allegations that he helped get federal jobs for people who provided him financial assistance.

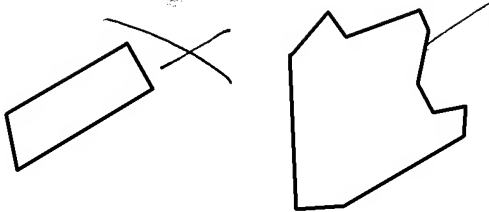
Myron Struck contributed to this report.

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DEAVER

MICHAEL DEAVER

WASHINGTON (UPI) -- A WATERGATE-STYLE PROSECUTOR WILL BE APPOINTED TO INVESTIGATE WHETHER FORMER PRESIDENTIAL AIDE MICHAEL DEAVER VIOLATED FEDERAL ETHICS LAW AS A PRIVATE LOBBYIST SINCE HE LEFT THE HOUSE.

A SPECIAL FEDERAL PANEL ANNOUNCED TUESDAY IT WOULD APPOINT AN INDEPENDENT COUNSEL, AS REQUESTED BY FIVE DEMOCRATIC MEMBERS OF THE JUDICIARY COMMITTEE, THE OFFICE OF GOVERNMENT ETHICS, THE FEDERAL ACCOUNTING OFFICE -- THE INVESTIGATIVE ARM OF CONGRESS -- AND DEAVER HIMSELF.

JUSTICE DEPARTMENT SPOKESMAN TERRY EASTLAND SAID THE DEPARTMENT REQUESTED THE THREE-JUDGE PANEL OF THE U.S. COURT OF APPEALS TO APPOINT A PROSECUTOR IN THE DEAVER CASE LAST THURSDAY.

THE PANEL DECLINED TO GIVE A TIMETABLE FOR THE APPOINTMENT OF AN INDEPENDENT COUNSEL BUT SAID THE JUSTICE DEPARTMENT'S REQUEST FOR A PROSECUTOR WOULD BE RELEASED WHEN THE JUDGES MAKE A SELECTION.

THE COUNSEL TO BE APPOINTED BY THE SPECIAL FEDERAL PANEL, WHICH INCLUDES JUDGES GEORGE MCKINNON, LOUIS MORGAN AND WALTER HANSFIELD, WOULD BE THE SIXTH INDEPENDENT COUNSEL NAMED UNDER THE 1978 ETHICS

IN THE PAST, SUCH PROSECUTORS FOUND INSUFFICIENT EVIDENCE TO PROSECUTE ALLEGATIONS OF DRUG USE BY FORMER CARTER WHITE HOUSE AIDES PATRICK JORDAN AND TIMOTHY KRAFT, SWEETHEART DEALS WITH A CONSTRUCTION UNION BY FORMER LABOR SECRETARY RAYMOND BONDUAN AND SOCIAL IRREGULARITIES BY ATTORNEY GENERAL EDWIN MEESE WHILE HE SERVED AS PRESIDENTIAL COUNSEL.

DEAVER SPOKESWOMAN PAMELA BAILEY SAID THE FORMER DEPUTY WHITE HOUSE CHIEF OF STAFF WAS PLEASED THAT PROGRESS TOWARD A FAIR HEARING WAS UNDERWAY.

HE REQUESTED WEEKS AGO THAT AN INDEPENDENT COUNSEL BE APPOINTED, SAYING THAT SUCH A COUNSEL IS THE ONLY APPROPRIATE WAY TO HAVE THE DEAVER ALLEGATIONS FULLY AND IMPARTIALLY REVIEWED."

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DEVER

BY PETE YOST

WASHINGTON (AP) -- LOBBYIST MICHAEL K. DEVER AND SOME OF HIS MOST PERSISTENT CAPITOL HILL CRITICS PRAISED THE DECISION BY A THREE-JUDGE PANEL TO APPOINT AN INDEPENDENT COUNSEL TO INVESTIGATE THE FORMER WHITE HOUSE AIDE.

A SPECIAL FEDERAL COURT PANEL DISCLOSED TUESDAY THAT THE JUSTICE DEPARTMENT HAD FIVE DAYS EARLIER RECOMMENDED THAT THE COURT NAME AN INDEPENDENT COUNSEL TO PROBE WHETHER DEVER BROKE FEDERAL CONFLICT-OF-INTEREST LAWS.

DEVER, WHO HAD SOUGHT APPOINTMENT OF THE COUNSEL, "IS PLEASED THAT THE PROCESS TOWARD A FAIR HEARING IS ON COURSE," SAID PAM BAILEY, A SPOKESWOMAN.

SEN. PATRICK LEAHY, D-VT., ONE OF FIVE SENATORS SEEKING AN INDEPENDENT COUNSEL, PRAISED THE ANNOUNCEMENT AS "GOOD NEWS. ... IT TAKES OUT THE QUESTION OF PARTISAN POLITICS."

REP. JOHN DINGELL, D-MICH., SAID AN INVESTIGATION BY A HOUSE SUBCOMMITTEE THAT HE CHAIRS WILL CONTINUE. HE SAID HE HOPED THE COUNSEL'S MANDATE WOULD BE "SUFFICIENTLY BROAD TO MAKE POSSIBLE THE MOST THOROUGH INVESTIGATION," BUT THAT THE APPOINTMENT "IN NO WAY DIMINISHES THE RESPONSIBILITY OF MY (INVESTIGATIONS) SUBCOMMITTEE TO CONTINUE ITS OWN BROAD INVESTIGATION."

THE COURT, IN ITS ONE-PAGE ORDER, GAVE NO SCHEDULE FOR THE APPOINTMENT.

THE COURT'S DECISION FOLLOWS MONTHS OF ALLEGATIONS THAT THE FORMER WHITE HOUSE DEPUTY CHIEF OF STAFF MAY HAVE VIOLATED CONFLICT-OF-INTEREST LAWS BY LOBBYING HIS FORMER GOVERNMENT COLLEAGUES ON ISSUES WITH WHICH HE WAS INTIMATELY INVOLVED WHILE AT THE WHITE HOUSE, INCLUDING ACID RAIN.

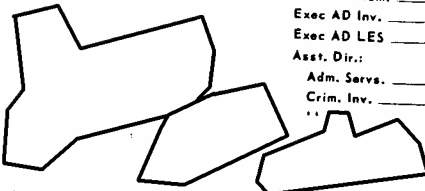
DEVER HAS DENIED ABUSING HIS CLOSE PERSONAL TIES TO PRESIDENT AND VICE PRESIDENT TO BUILD HIS CONSULTING BUSINESS, WHERE DEVER REPRESENTS NUMEROUS FOREIGN GOVERNMENT AND MAJOR CORPORATE CLIENTS.

THE THREE-MEMBER PANEL, COMPRISING SENIOR JUDGES OF THE U.S. COURT OF APPEALS APPOINTED BY CHIEF JUSTICE WARREN BURGER, SAID THAT WHEN AN INDEPENDENT COUNSEL IS NAMED, ATTORNEY GENERAL EDWIN MEESE COULD DISCLOSE PUBLICLY THE CONTENTS OF HIS REPORT AND APPLICATION FILED ON Y 22, 1986.

THE ORDER WAS ISSUED BY JUDGES GEORGE E. BROWN AND JUDGES ALFRED W. BRONKHORST AND WALTER R. HANSFIELD.

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DEAVER-ETHICS
BY LARRY MARGASAK

WASHINGTON (AP) -- WHILE LAWMAKERS INVESTIGATE EX-PRESIDENTIAL AIDE MICHAEL K. DEAVER, CONGRESS IS ACCUMULATING A FULL MENU OF BILLS THAT WOULD REFIN IN THOSE WHO LEAVE THE GOVERNMENT FOR THE LUCRATIVE WORLD OF LOBBYING.

PROVISIONS IN FOUR BILLS INTRODUCED SO FAR RANGE FROM LIFETIME BANS ON LOBBYING FOR FOREIGN INTERESTS TO DESIGNATION OF SPECIFIC AGENCIES AS WHITE HOUSE OFFICES -- MAKING THEM OFF-LIMITS TO FORMER PRESIDENTIAL STAFFERS TURNED LOBBYISTS.

IN THE WAKE OF DEAVER'S TROUBLES, COMMITTEE CHAIRMEN IN THE HOUSE AND SENATE ARE PUSHING FOR QUICK ACTION ON LEGISLATION TO STIFFEN POST-EMPLOYMENT CONFLICT-OF-INTEREST LAWS FOR FEDERAL OFFICIALS.

WEDNESDAY, THE HOUSE JUDICIARY SUBCOMMITTEE ON ADMINISTRATIVE LAW HELD THE FIRST OF A SERIES OF HEARINGS ON THE NEED FOR NEW ETHICS LEGISLATION.

A WITNESS AT THE SESSION, SENATE JUDICIARY COMMITTEE CHAIRMAN STROM THURMOND, R-S.C., PREDICTED HIS PANEL WOULD BEGIN CONSIDERATION IN SEVERAL WEEKS OF HIS BILL TO RESTRICT POST-EMPLOYMENT LOBBYING.

DEAVER, FOR 20 YEARS A FRIEND OF RONALD REAGAN AND HIS WIFE NANCY, QUIT AS PRESIDENT REAGAN'S DEPUTY CHIEF OF STAFF ON MAY 10, 1985, TO FORM THE WASHINGTON LOBBYING FIRM OF MICHAEL K. DEAVER & ASSOCIATES.

LOCATED IN WASHINGTON'S EXCLUSIVE GEORGETOWN SECTION, THE FIRM HAS REPRESENTED DOMESTIC AND FOREIGN CLIENTS -- INCLUDING GOVERNMENTS -- BEFORE THE U.S. GOVERNMENT.

CURRENT LAW PREVENTS FORMER GOVERNMENT OFFICIALS FROM EVER REPRESENTING ANYONE BEFORE THE GOVERNMENT ON PARTICULAR MATTERS IN WHICH THEY WERE PERSONALLY AND SUBSTANTIALLY INVOLVED. THERE ALSO ARE ONE- AND TWO-YEAR BANS ON TRYING TO INFLUENCE THE GOVERNMENT UNDER DIFFERENT CIRCUMSTANCES.

VIOLATIONS ARE PUNISHABLE BY UP TO TWO YEARS IN PRISON AND A \$10,000 FINE.

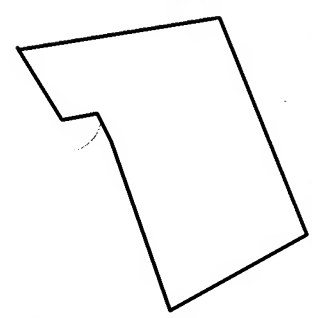
THE HOUSE ENERGY AND COMMERCE INVESTIGATIONS SUBCOMMITTEE IS TRYING TO DETERMINE WHETHER DEAVER IMPROPERLY TRIED TO LOBBY THE GOVERNMENT ON ISSUES HE DEALT WITH AS A TOP WHITE HOUSE AIDE, INCLUDING ACID RAIN.

THE GENERAL ACCOUNTING OFFICE CONCLUDED DEAVER MAY HAVE VIOLATED THE LAW, AND THE JUSTICE DEPARTMENT IS TRYING TO DETERMINE WHETHER TO REQUEST AN INDEPENDENT COUNSEL TO CONDUCT A CRIMINAL INVESTIGATION.

DEAVER HAS INSISTED HE HAS DONE NOTHING ILLEGAL OR UNETHICAL IN HIS PRIVATE BUSINESS VENTURES.

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DEARIE
BY LARRY WATSON

WASH-TON (AP) -- HOUSE MEMBERS INVESTIGATING MICHAEL G. DEEVER SAY THEY WANT A BROAD INQUIRY THAT GOES BEYOND THE QUESTION OF THE LEGALITY OF HIS LOBBYING AND INTO WHETHER HIS CONDUCT SHOULD TRIGGER NEW STANDARDS OF MORALITY FOR PUBLIC OFFICIALS.

MEMBERS OF THE HOUSE ENERGY AND COMMERCE INVESTIGATIONS SUBCOMMITTEE SAID IN INTERVIEWS THAT IT'S NOT ENOUGH TO SIMPLY INVESTIGATE WHETHER THE FORMER DEPUTY WHITE HOUSE CHIEF OF STAFF VIOLATED CONFLICT-OF-INTEREST LAWS.

REP. JOHN D. DINGELL, CHAIRMAN OF THE SUBCOMMITTEE, RECALLED FORMER PRESIDENT NIXON'S STATEMENT DURING THE WATERGATE CRISIS -- "I AM NOT A CROOK" -- AND SAID: "WE HAVE TO DETERMINE WHETHER THAT IS THE TEST OF MORALITY."

OTHER PANEL MEMBERS SAID THEY WOULD LOOK AT THE "APPEARANCE" OF CONFLICT. REP. JIM SLATTERY, D-KAN., SAID IT WAS IRONIC THAT THE MAN WHO SHARPENED PRESIDENT REAGAN'S PUBLIC IMAGE HAS DONE SUCH A POOR JOB OF SHARPENING HIS OWN.

"SOMEONE WHO MADE A CAREER OUT OF PUBLIC RELATIONS, WHEN IT CAME TO HIS OWN BUSINESS, DIDN'T UNDERSTAND THE PERCEPTIONS CREATED" BY LEAVING A TOP WHITE HOUSE JOB TO MAKE MONEY LOBBYING THE GOVERNMENT, SLATTERY SAID.

DEEVER, A FRIEND OF REAGAN AND HIS WIFE, NANCY, FOR 20 YEARS, QUIT THE WHITE HOUSE STAFF MAY 10, 1985, TO FORM A LOBBYING COMPANY. IT HAS REPRESENTED DOMESTIC AND FOREIGN CLIENTS BEFORE THE U.S. GOVERNMENT ON ISSUES THAT DEEVER DEALT WITH IN THE WHITE HOUSE. AMONG OTHER CLIENTS, DEEVER REPRESENTED CANADA IN SUCCESSFUL EFFORTS TO OBTAIN AN AGREEMENT WITH THE UNITED STATES TO COMBAT ACID RAIN.

CURRENT LAW FORBIDS FORMER FEDERAL AIDES FROM EVER REPRESENTING CLIENTS BEFORE THE GOVERNMENT ON MATTERS IN WHICH THE EX-OFFICIAL PARTICIPATED PERSONALLY AND SUBSTANTIALLY. A VIOLATION IS PUNISHABLE BY UP TO TWO YEARS IN PRISON AND A \$10,000 FINE.

THE PANEL HEARD FROM DEEVER AND FROM GENERAL ACCOUNTING OFFICE OFFICIALS, WHO SAID DEEVER MAY HAVE VIOLATED CONFLICT-OF-INTEREST LAWS. THE INFORMATION WAS TURNED OVER TO THE JUSTICE DEPARTMENT, WHICH IS DECIDING WHETHER AN INDEPENDENT COUNSEL IS NEEDED.

Deaver Takes the Offensive

But his hard line could backfire, spurring reform

I am shocked—shocked!—to find that gambling is going on in here.

So said Captain Renault in "Casablanca," just before being handed his share of the take; and so, after his own fashion, said Michael K. Deaver last week. The very idea that he would use his friendship with Ronald Reagan for personal gain, said the man who left the White House to become Washington's hottest lobbyist, "is not only mean-spirited, but also an implicit attack on the integrity of the president." Deaver had happily confided to the press that he had some of the best access around; now he heatedly denied to a congressional subcommittee that he "had any intention of selling access." And in what surely would be a blow to his \$4.5 million annual business, he maintained: "I have never traded on my relationship with the president for any client—and I never will."

For a man known for his finesse in 20 years of tending Reagan's image, it was a remarkably brazen performance. Under fire for violating both the letter and the spirit of the law governing lobbying by former officials, Deaver chose to counterattack in righteous indignation, he complained of "groundless and impertinent" hounding by the press and other "politically motivated" enemies. The trouble with that approach, as Oregon Democrat Ron Wyden put it, was that Deaver was contributing to an indelible image: "Many people are starting to presume that Washington is up for sale, and that government service is a ticket to big money." Deaver's fellow lobbyists complained that he was giving the whole trade a bad name; worse than that, he might derail the gravy train: a reform bill that had languished in committee was suddenly a hot property.

Acid attack: And Deaver's problems almost surely wouldn't melt away with a PR offensive. The immediate issue before the investigating subcommittee of Michigan Rep. John Dingell's House Energy and Commerce Committee was whether he had broken the Ethics in Government law. Under it, he was forbidden to lobby the White House on any matter for a year after leav-

ing; to lobby any department for two years on an issue in which he had direct responsibility, or to lobby for the rest of his life on issues in which he participated "personally and substantially." Six days after he resigned as deputy White House chief of staff a year ago last week, Deaver started negotiating a \$105,000 contract to help the Canadian government. One problem was to persuade the United States to clean up the acid rain that Canada argues is drifting across the border, polluting lakes, killing fish and damaging timber. Deaver denies that he had any substantial dealings with the issue while in the White House, but some of his former colleagues remember otherwise: according to a report to Dingell's committee by the General Accounting Office, Deaver was involved in at least 15 White House discussions on the subject with U.S. and Canadian officials. The GAO found that "significant and thus substantial."

A second possible violation of the law came when Deaver, after leaving the White House, met with a former colleague, special envoy Drew Lewis, to discuss acid rain. Deaver argues that Lewis was appointed by the State Department and thus had nothing to do with the White House; the GAO noted that Lewis had a White House office, pass and telephones and concluded that Deaver may have broken the law just by sitting down with him. But the charge closest to a smoking gun was that Deaver may have discussed his future role with Canadian officials while still on the White House staff. In a letter to Dingell, Canadian Ambassador Allan Gottlieb conceded that an aide to Prime Minister Brian Mulroney had told Deaver that Canada "could use a good man" like him. Deaver later confirmed the story, adding that he told the official: "For God's sake, don't talk to me about that." Both men insisted that the remark was a lighthearted jest that had nothing to do with the fact that Deaver was hired within four months.

The helping hand: There were other possible counts: the committee was looking into Deaver's lobbying work for Rockwell International and its B-1 bomber, for Puerto Rico in its pursuit of a tax break and for South Korea's Daewoo Corp. in defending a steel-dumping charge. In addition, it turned out that former White

House counsel Fred F. Fielding had produced a misleadingly reassuring report on Lewis's White House status just a day after lunching with an associate of Deaver's and discussing joining Deaver's firm. Fielding denies that he ever talked seriously about a job with Deaver, but his role in the case, many congressmen said privately, called for further probing.

At the closed hearing, Deaver came on strong from the first. "After five months of innuendos and leaks, it's my turn today," he told reporters. He had returned his White House pass, given up his access to the president's tennis court and canceled his daily copy of Reagan's detailed schedule, all in the interest of sparing his friend embarrassment. But beyond that, Deaver had nothing to concede—and for nearly six hours in two sessions he never budged from his stone wall. One of his friends had described him as astonished by the outcry over his activities and uncomprehending of the size of the problem. Now he insisted that his friendship with Reagan was "a deep personal honor," not to be exploited; that he had done nothing to apologize for, and that it was insulting to him and his staff to imply that they did no more for their clients than make phone calls and arrange meetings. He was in full compliance with the law in representing foreign governments, he said, and if the committee disapproved, it should persuade Congress to change the law.

Deaver left the hearing with minimal comment, having been asked to come back soon. Dingell and his colleagues agreed not to disclose in any detail what had been said; the session was held behind closed doors to protect Deaver from testimony that might incriminate him. But the point was not only possible lawbreaking, Dingell said; it was "the ethical and moral standards required of those who serve in government" and whether the law was strong enough to enforce them. And in a dig at Reagan himself, Dingell added: "The tone of any administration should be set by the person who heads it. There are serious doubts about that tone in the current situation."

'Rendering the details': For the most part, the congressmen took few personal cracks at Deaver. "He has an interesting memory," one source confided. "He's great on rendering the details like what things looked like and the weather, but not what was said." But several members criticized his lobbying for foreign governments, and

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Ohio Democrat Thomas Luken said Canada had behaved as "two different entities": a lobbyist when that suited the purpose and then as a sovereign government not answerable to Congress.

The irony was that all this could leave the impression that Deaver had been an effective agent for Canada on the acid-rain issue. In truth, most Canadians found the whole affair not only an embarrassment (page 15) but a major fizzle when it came to getting anything done about the problem. As a White House aide, Deaver was indeed portrayed by some of his colleagues as playing a major role in persuading Ronald Reagan to acknowledge that acid rain existed and was a problem worth dealing with. He also got Reagan to agree to exchange special envoys with Canada on the issue, and as former OMB head David Stockman tells it, he pushed hard to get Lewis named to the post. But at that point, Deaver's friends maintained, his interest was solely to protect the president: he was concerned that a coming summit with Prime Minister Mulroney should be a success and worried that Reagan would seem to be on the wrong side of a popular environmental issue. Deaver himself has repeatedly protested, "I couldn't tell you today what acid rain means," and there is little reason to doubt his word.

A breakthrough? Last January Lewis and his Canadian counterpart, William Davis, came up with a proposal for a U.S. program to curb acid rain. Under it, Washington would put up \$2.5 billion over five years for research and development on clean-coal technology to be used by utilities and factories. They would qualify for the money by submitting research proposals and matching the funds with \$2.5 billion of their own. To environmentalists and a good many Canadians, this is less than overwhelming: it sets no emission standards and relies on the idea that a dramatic technological breakthrough is just around the corner. In fact, there are several promising developments in coal-burning technology. But even if they pan out, the proposal would leave utilities free to use older plants as long as they want without upgrading.

Moreover, Deaver hasn't delivered even that modest package. Though Reagan has endorsed it, the administration has not asked for any money for the project beyond \$400 million left over from the now defunct Synfuels program. Bills are pending in both houses calling for dramatic reductions in emissions of sulfur and nitrogen oxides over the next decade, but the White

House opposes them on the ground of cost. ever since 1983 Stockman has argued triumphantly that an acid-rain cleanup would cost \$6,000 per pound of fish saved. Notwithstanding all this dubious achievement, Canadian officials claimed to be "satisfied" with Deaver's work.

Few others were. The Deaver flap had touched off a powerful reform drive, and lobbyists, executive staffers and legislators alike were shuddering at what it might do to the Washington way of life. In the Senate, South Carolina's Strom Thurmond has been nursing along a bill that would severely stiffen the restrictions on lobbying by high government staffers after they leave office. Top officials—cabinet members, agency heads and senior White House aides—would immediately be banned for life from representing foreign governments. All federal employees would be barred from lobbying the federal government on any issue for a year after resigning and from representing foreign clients for two years, with criminal penalties up to two years in prison and \$250,000 in fines. Lobbyists and potential lobbyists still in office grumbled that Deaver was spoiling the whole trade and started mustering their arguments: the ban would discourage good people from going into government, they warned; it might not be constitutional, denying people their right to a livelihood. Most ingeniously, they maintained that if the ban were applied only to current officials, it would amount to an employment-security act for Deaver and other lobbyists now in business.

Most outrageous of all to Capitol Hill, the Thurmond bill would extend the law to members of Congress themselves, who have been free of all restrictions and contentedly spinning the revolving door for years. Some 194 former members continue to live in and around Washington, most of them as lobbyists; recently, for instance, Florida Rep. Don Fuqua, chairman of the House Science and Technology Committee, said he was leaving Congress to head the Aerospace Industries Association. Dingell said last week that Thurmond's bill "looks better every day," but some of his colleagues weren't so sure. "This is a free-enterprise system," said Democrat Mike Synar of Oklahoma. "I'm not sure you can legislate morality and ethics."

Good faith? It's far from certain that the momentum for reform will be strong enough to carry any bill, let alone one that touches Congress itself. But Deaver, said Oregon's Wyden, "has contributed enormously to the public cynicism about government"—and if only to demonstrate good faith in trying to clean up, a bill affecting all branches might be simply a

necessity. As for Deaver himself, his meteoric year as a lobbyist seems to be flaming out; even if he isn't charged with a crime, said a half-sympathetic rival, "the damage has been done." For the moment, his clients are sticking with him but wincing with every headline. "Clients don't like to see their names dragged through the paper day after day. This story is murder," said a former White House aide. And prospective clients, said another rival lobbyist, are not likely to

be impressed by Deaver's claim that he never used his access: "Well, then, what's he got to offer?"

In reality, he may never have had more than the implied threat of a complaint to the Oval Office as a means of leaning on lower-level officials. But even that lever has lost its fulcrum. And any of his old colleagues looking to follow his lucrative trail will find the landscape greatly changed. Access will be a dirty word, a lobbyist warned, "for a while at least." The trick will be to make that interlude last.

LARRY MARTZ with GLORIA BURGER,
MARGARET GARRARD WARNER and BOB COHN
in Washington and JERRY BUCKLEY in Toronto



Newsweek
P. 13
May 26, 1986

ETHICS INVESTIGATION

Michael Deaver gives up pass, puts up dukes

■ Ronald Reagan's close friend Michael Deaver surrendered his White House perks and stepped up his defense as probes into his role as a high-powered Washington consultant intensified.

The former Reagan aide told a House panel on May 16 he was not guilty of a conflict of interest even though he represented Canada on acid rain at a time the White House was negotiating with Ottawa over the issue. He said charges against him were "politically motivated" and an "implicit attack on the integrity of the President."

Earlier in the week, Deaver dispatched a messenger to the Executive Mansion to turn in his cherished White House pass. The pass, a symbol to critics and clients alike of his easy access to power, had been retained for a year after he quit as deputy chief of staff. In addition, Deaver disclosed that in late April he told the White House to stop sending him Reagan's confidential daily schedule and gave up his playing privileges on the White House tennis courts.

Deaver blasted as a "mouse" a May 12 report from the General Accounting Office, Congress's investigative arm,



which added fuel to an FBI-Justice Department probe into charges that he influenced the White House decision to make an agreement with Canada to reduce acid rain.

Two key points in the GAO report—
• Deaver attended 15 White House meetings leading to the naming of a special acid-rain envoy to Canada in 1985. The federal ethics code prohibits a former official from lobbying on an issue in which he was "personally and substantially" involved. Deaver said he attended only five meetings and his participation was not substantial.
• After leaving the White House, Deaver, representing Canada, met with

U.S. acid-rain envoy Drew Lewis. The code bars ex-officials from representing a client before the agencies they worked for. The GAO said Lewis got technical support and an office from the White House. Deaver says Lewis was a State Department appointee.

Other issues on which Deaver faced scrutiny were his efforts to get the government to buy more B-1 bombers from Rockwell International and his role in Reagan's decision to retain sugar quotas, a move that helped Deaver's Caribbean clients but cost U.S. taxpayers \$36 million.

He noted that the GAO interviewed 10 people but not himself in drawing up its findings. One of the 10, former Budget Director David Stockman, was named as the source of information about unsubstantiated rumors that Deaver discussed going to work for Canada before leaving Reagan's staff.

Deaver acknowledged that an Ottawa official once told him that he was "a guy the Canadians ought to be thinking about." Deaver, however, described the remark as "off the cuff" and said he immediately responded: "For God's sake, don't talk to me about that!" ■

by Steve Huntley

U.S. News & World Report
P. 6
May 26, 1986

Much Ado About Deaver

Reagan's friend is caught in a storm over influence peddling

Pity, if you can, Michael Deaver. Last week he surrendered the White House pass that Ronald Reagan had allowed him to keep when he left the Administration a year ago. He has stopped receiving the President's daily-appointments schedule. For fear of embarrassing the First Family, he says, he no longer feels free to use the White House tennis court. Deaver has also had to break off negotiations for an \$18 million sale of his consulting firm to a British public relations conglomerate, Saatchi & Saatchi. And if that were not enough bad news, the General Accounting Office reported last week that he may have violated federal conflict-of-interest laws that carry criminal penalties.

The former White House deputy chief of staff turned high-priced lobbyist continues to maintain steadfastly that he has not abused his close relationship with Reagan. But at week's end, when Deaver tried to make his way into the Capitol to defend his actions before a closed-door session of a congressional subcommittee, he found himself at the center of a rising storm over influence peddling in Washington. Reporters mobbed him, cameramen jostled him, and flashing strobe lights so blinded him that he walked right past the committee-room door. "After five months of rumor, leaks and innuendo," Deaver bravely declared, "today is my day." But it was clear that the media's feeding frenzy had just begun and that the capital had been seized by one of its periodic fits of morality.

The flap over Deaver may have more to do with what he represents than what he did. "He's just a symbol of what's wrong with our system," says Democratic Senator David Pryor of Arkansas. "There's a sense we've all allowed this situation with lobbying fees, big-money elections and influence peddling to get out of control."

Deaver is the target of probes by the GAO, the Justice Department and the Oversight and Investigations Subcommittee of the House Energy and Commerce Committee. At issue is whether he illegally represented private clients on matters he dealt with as an Administration official. Deaver has asked that an independent counsel be appointed to look into the charges.

Among other matters, the congressional probes are investigating Deaver's role in negotiating a settlement for the Daewoo Corp., a big South Korean steel-maker that violated American import restrictions; his efforts on behalf of Rockwell International to persuade the Government to buy more B-1 bombers; and his lobbying for Puerto Rico to retain tax breaks worth \$600 million a year to the island's economy. So far, the investigations have publicly produced no evidence of wrongdoing. They have stirred up some smoke, however, by poking into Deaver's efforts on behalf of Canada concerning the issue of acid rain.

Deaver may have participated in as many as 15 U.S.-Canadian discussions of acid rain before he left the White House last May, said James F. Hinchman, the GAO deputy general counsel, who testified last week before the investigations subcommittee chaired by Democratic Congressman John Dingell of Michigan. For example, said Hinchman, Deaver actively supported a proposal, later accepted by the Reagan Administration, that the U.S. and Canada appoint special envoys to deal with the acid-rain problem. Less than a week after he quit his White House job, Deaver began talks with Canadian officials that eventually led to a \$105,000 contract to lobby for Canada.

Federal law bars former Executive Branch employees from ever lobbying the Government on a "particular matter" in which they "personally and substantially" participated while in office. Violators can be fined up to \$10,000 and sentenced to two years in prison. Deaver insists that "I was never involved personally or substantially on the substantive issue of acid rain." According to the GAO, however, Deaver and Canadian officials met with Drew Lewis, the special U.S. envoy on acid rain, to discuss the content and timing of the envoy's report, which recommended a \$5 billion clean-up plan.

The GAO's Hinchman also stated that Deaver may have violated Government ethics laws by "his very presence" at the meeting with Lewis. Deaver is barred from officially contacting anyone in the White House for a year after leaving office, and the GAO found that Lewis should have been considered a White House official. Deaver maintains that Lewis, though he is a White House appointee who keeps an office in the nearby Old Executive Office Building, is in fact a State Department employee.

The Deaver affair has also raised some political ruckus in Canada, where opposition Liberal Party members suggested that Conservative Prime Minister Brian Mulroney's government may have knowingly violated U.S. laws by hiring Deaver. In particular, they questioned the possible role played by Allan Gottlieb, Canada's highly regarded Ambassador to Washington, in recruiting Deaver. The House of Commons' External Affairs Committee will decide this week whether to launch a formal investigation.

Former White House Counsel Fred Fielding was dragged into the growing mess by a member of the congressional panel, Representative Gerald Sikorski, Democrat from Minnesota. Sikorski charged that during a conflict-of-interest review of Deaver in February 1985, Fielding responded to a request from the Government Ethics Office by providing "in-

complete information beneficial to Mr. Deaver" the day after an associate of Deaver's approached Fielding about going to work for Deaver's firm. Fielding denied that he had done anything improper.

Appearing before the committee in closed session at week's end, Deaver blasted his critics as "meanspirited" and "impertinent" and argued that allegations that he has used his relationship with the Reagans for personal gain are "an implicit attack on the integrity of the President." But back out in front of the cameras, his congressional inquisitors continued to wax indignant. Though they may not be able to pin any legal violations on Deaver, they railed against the appearance of impropriety. "The message in these times is that Government service can be turned into big bucks," huffed Congressman Ron Wyden, Democrat from Oregon. "My constituents are not asking about Section 207 [the conflict-of-interest provisions of the law] but saying, 'Is this really the normal way things are being done in Washington?' Lobbyists owe more than to merely avoid committing felonies."

Deaver's real offense, says one White House aide, may be that he "tried to get too rich, too fast and too publicly." Administration officials smell more than a whiff of politics in the charges aimed at Deaver. "This is a John Dingell publicity special," says the Reagan staffer. "If the economy was going bad or the President was in trouble, Deaver would be ignored. But what do the Democrats have to beat on us with? Nothing except trade [deficits] and Michael K. Deaver."

Lobbyists are divided over whether Deaver's doings will hurt their business and compel Congress to tighten the rules on influence peddling. "Nothing will really change inside Washington," says a former Carter Administration official turned lobbyist, who nonetheless adds, "This whole thing sullies the name of lobbying—I may have to go back to calling myself a consultant." Some believe that Congress may pass a bill introduced by Senate Judiciary Committee Chairman Strom Thurmond, Republican from South Carolina, that would ban certain top former Government officials from lobbying on behalf of foreign governments and corporations.

One benefit of the Deaver affair may have been to stiffen the will of Senators to resist the depredations of lobbyists on tax reform. After his bill had been turned into

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a mockery by successful special-interest pleading in public drafting sessions. Senate Finance Committee Chairman Bob Packwood decided to keep the lobbyists in the dark. In the privacy of closed-door sessions, the committee was able to hammer out truly sweeping reforms. "It got to the point where it was us [the Senators] against them [the lobbyists]," says Finance Committee Member Pryor. "It may have united us in those last few hours when we put the bill together." If the Deaver affair did indeed give tax reform an extra push, it would come as no small irony. By flaunting his connections, Deaver may have inadvertently helped his former boss to achieve his avowed No. 1 domestic priority. —By Evan Thomas.

Reported by David Beckwith/Washington

The Presidency/Hugh Sidey

"I Would Keep a Lower Profile"

Until now Mike Deaver has been a spectacular alchemist of power, personality and communication. That is the irony of his predicament. "I'm in trouble with my public relations," he said ruefully, eating his breakfast egg as another chapter unfolded last week in his political drama. Did he violate the law with his new lobbying firm, booking megabucks in business within months of leaving the White House? Did he step beyond propriety and soil the presidency? "No, no, no," he declared, and added a few more nos.

But he would not be sitting at breakfast explaining himself if something had not gone wrong. He has not called or seen the President or Mrs. Reagan for weeks. The \$18 million proposition for buying the Deaver firm by London's Saatchi & Saatchi has been abandoned.

"I never thought of myself as a lobbyist," he said. "I thought of myself as a strategist. I've never had a client ever ask me to talk to the White House or talk to the President. I've never tried to influence a decision. I've only made two or three calls to Capitol Hill. I don't know that much about it up there. I've coordinated strategy for those corporations and those countries that wanted to understand

and deal with the U.S. The opportunity with Saatchi was to do that on a worldwide basis: 95% of my work would have been outside the U.S." There is a tinge of anger. "This week is the first time in eight weeks that any of those three Government bodies investigating me has asked my opinion on anything," he said. "The idea that I can sit over in my office and pick up the phone and get things fixed is naive."

His business life began to change, he says, after he appeared on the cover of TIME in a critical piece on influence peddling and the bid for his firm from Saatchi leaked out. "The long knives came out," he said. "Some of it, frankly, was envy."

Some of it was excess.

Deaver admits that now: "I didn't run away from any publicity. I can't deny that I came out of the White House with an aura that was different. I like to think it was based on the fact that I did achieve something on my own, that I did change some perceptions on issues."

That was a mighty salable commodity, particularly when Deaver's 20-year devotion and service to the Reagans was factored into the deals. Deaver may never have understood his own special place in the world of power. Few men in history have had such personal and professional trust from a President. If he had it to do again, Deaver would bend over backward to break cleanly with the White House. "I would keep a lower profile," he said.

He would not, however, change how he has handled his accounts. Canada signed him up because it was impressed by how he helped manage the U.S. approach to the acid-rain problem. And that approach, says Deaver, was designed solely to get the President through the Ottawa summit in harmony with the Canadians. Strange thing, he notes. Everybody seems to love the acid-rain proposal, a public-private cleanup over five years. "You'd think the conservationists would be marching for me," Deaver laughed. "I haven't seen them."

Puerto Rico, another client, wanted to attack the U.S. Treasury to win special tax breaks. "I said no to that approach," Deaver declared. "I said base the appeal on the President's Caribbean Basin Initiative. No nation has ever proposed doing anything that was wrong in principle. But sometimes they have been wrong about tactics. I help with that."

So far Deaver has not lost any clients because of the flap. The world will still need people like him who can convert ideas into reality, he says. One lament is that he became a problem for Reagan. "I feel bad that he has to defend me," said Deaver.

Former Reagan Aide Deaver Defends Lobbying Activities Before House Panel

By MONICA LANGLEY

Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON—Former White House aide Michael Deaver told a congressional subcommittee that his activities as a private lobbyist have been "within the law at all times."

Mr. Deaver's comments, delivered Friday to a closed hearing of the House Energy and Commerce investigations subcommittee, marked the first time the former Reagan aide is known to have presented a detailed defense of his lobbying activities. Earlier in the week, the General Accounting Office said Mr. Deaver, in representing the government of Canada, may have violated conflict-of-interest laws restricting lobbying by former government officials.

Mr. Deaver faced hours of questioning from lawmakers about his lobbying activities. Much of the discussion reportedly focused less on the conflict-of-interest issue than on the propriety of a former aide such as Mr. Deaver representing foreign governments. Some lawmakers have questioned whether former high-ranking officials should represent foreign governments at all.

"It's completely unjust for a man with such high status as Mr. Deaver to be in the employ of a foreign government," said Rep. John Bryant (D., Texas) in an interview after the hearing. He said there is "widespread support" in Congress for legislation restricting such lobbying by former officials.

Changing Law on Lobbyists

In an apparent effort to shift the congressional focus from his highly paid lobbying activities, Mr. Deaver told reporters after the hearing that problems with officials representing foreign governments "is something Congress must do something about."

According to one congressman at the closed hearing, Mr. Deaver "was virtually inviting us to change the law. He said if we don't like what he's doing, change the law."

Lawmakers also questioned Mr. Deaver on his role, both as a White House official and later as a lobbyist for Canada, on the controversial acid-rain issue. Ethics laws, among other things, prohibit former officials from lobbying on issues in which they were substantially involved while in government.

Sources said the subcommittee also asked the former White House deputy chief of staff about his representation of several other clients—including a group of Caribbean nations interested in the administration's initiative to help Caribbean basin countries, a South Korean manufacturer called Daewoo Corp. accused of violating U.S. import restrictions, and Rockwell International, which is trying to persuade the administration to build more B-1 bombers.

Deaver to Testify Again

Upon arriving at the hearing, Mr. Deaver said, "After innuendos and leaks, it's my turn today." Later, he told the subcommittee that the suggestion that he would use his acknowledged 20-year relationship with President and Mrs. Reagan "for personal gain is not only mean-spirited, but is also an implicit attack on the integrity of the president."

Mr. Deaver is expected to testify at least once more before the subcommittee, lawmakers said. Rep. John Dingell (D., Mich.) is chairman of the panel.

Mr. Deaver has called on the Justice Department to seek an independent counsel to probe allegations regarding his lobbying practices. An officer of Michael K. Deaver & Associates recently said that the company's annual revenue is about \$4.5 million.

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Mean-Spirited' Attacks Countered by Deaver

Lobbyist Denies He Exploits Friendships

By Edward Walsh
 Washington Post Staff Writer

Michael K. Deaver launched a counteroffensive against his critics yesterday, asserting that he is the victim of politically motivated, "mean-spirited" attacks that implicitly question the integrity of his longtime friend and former boss, President Reagan.

In an opening statement to a House subcommittee investigating his lobbying activities, Deaver said he has "absolutely never taken advantage" of his friendship with the president and First Lady Nancy Reagan. He insisted that he had "consistently sought to maintain a high standard of integrity" in his business dealings since leaving his post as White House deputy chief of staff a little over a year ago.

"I do not believe that my friendship with them is either a commodity to be exploited by me or a legitimate basis for my being hounded in the press or anywhere else," he said. "In my view, the suggestion

that after 20 years of selfless service I would suddenly begin to use that relationship for personal gain is not only mean-spirited but is also an implicit attack on the integrity of the president."

Deaver testified under oath for more than five hours yesterday in a closed session of the House Energy and Commerce subcommittee on oversight and investigations. A copy of his opening statement was made public.

He is to continue testimony to the subcommittee at least one more day, but a date has not been set.

During a break in yesterday's hearing, committee Chairman John D. Dingell (D-Mich.) said Deaver had been questioned about the representation of Canada and other foreign governments by his lobbying and public relations firm, Michael K. Deaver & Associates. Dingell said Deaver also was questioned about a General Accounting Office report that said Deaver may have violated federal conflict-of-interest laws. See DEAVIER, A8, Col. 1



Former White House aide Michael K. Deaver is greeted by journalists upon arrival at Rayburn House Office Building.

The Washington Post A-1
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Chairman John D. Dingell, left, speaks with reporters during break in hearing, which was closed by prior agreement with Deaver, shown arriving for testimony.

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Deaver Assails Attacks as 'Mean-Spirited,' Political

DEAVER, From A1

laws by signing a \$105,000-a-year contract with Canada centering on the issue of acid rain. Deaver dealt with the subject extensively as a White House official.

The committee is seeking to determine not only whether any laws have been violated, but whether existing laws are sufficient "to assure the highest moral and ethical standards of those who serve in government and during the time after they leave," Dingell said.

"Those standards should be the highest possible, and obviously the tone of every administration is set by those who leave it," he continued. "I can personally observe that there are some questions here about whether the tone is of the highest level and the kind sought by the American people at this time."

Dingell added, "Mr. Deaver's testimony today has been interesting, and he has been helpful. But the subcommittee's investigation is far from complete."

Subcommittee members declined to discuss details of Deaver's testimony, but several indicated dissatisfaction with his answers. They also suggested that they will push to make federal conflict-of-interest and lobbying laws, including the Foreign Agents Registration Act, more stringent. Under that act, Deaver was able to begin lobbying for several foreign governments immediately after leaving the White House.

"I am concerned that the message is that public service can be turned into big bucks," said Rep. Ron Wyden (D-Ore.), who chaired the afternoon session after Dingell left for Michigan. He said government officials "owe a greater obligation to the public than just avoiding committing felonies."

Rep. Thomas A. Luken (D-Ohio) noted "the apparent inability of Mr. Deaver to distinguish between public service and his consulting service."

Characterizing Deaver's attitude as "pretty close to saying 'trust me,'" Luken said, "He sees

nothing wrong in helping foreign governments in getting around our country."

Rep. John Bryant (D-Tex.) said, "Most important, this inquiry has highlighted the fact that it is legal today—unbelievably so—for the closest adviser to the president of the United States to go to work for foreign governments immediately after he leaves the White House."

Deaver's appearance before the subcommittee, conducted in private by agreement between him and Dingell, was only part of his carefully orchestrated counteroffensive. Immediately after the hearing, Deaver was scheduled to hold interviews with several major newspapers and the three main television networks.

The interviews, however, were postponed until after Deaver completes his closed-door subcommittee testimony.

Known at the White House for his mastery of public relations techniques that are thought to have boosted Reagan's popularity, Deaver yesterday put his skills to work in his own behalf. Wearing a dark blue suit and smiling, Deaver arrived with two aides at the Rayburn House Office Building in a modest American car rather than the chauffeur-driven Jaguar he frequently uses.

Deaver stopped briefly before reporters and television camera crews and three times delivered slightly different versions of his message: "After five months of leaks, rumors and innuendo, today is my turn."

"There is no question in my mind about violating the law," Deaver told reporters after his testimony. "I have followed the law as written by this Congress and Congresses for 60 years."

He said it was "an insult to my clients and to me" to suggest that his lucrative lobbying and consulting business is based only on his close ties to the Reagans, and he repeated his charge that some of the allegations raised against him are "politically motivated [and] outrageous."

He would not say which allegations he had in mind.

Deaver's opening statement did not deal with

any of the specific questions that have been raised about his conduct since leaving the White House. Instead, he portrayed himself as someone who for almost 20 years had given his "total commitment" to Reagan and "the tradition of public service," and is being subjected to "misinformed allegations of unnamed critics in the press."

Deaver devoted much of his statement to a defense of his firm's representation of foreign governments. He said his foreign clients are "strong allies of the United States" and that his firm's services could help strengthen their ties to this nation.

Denying that these and other clients came to him because of "my relationship with the Reagans," Deaver said that if there is dissatisfaction with the Foreign Agents Registration Act as passed by Congress, "then such criticism should be directed to Congress, not to individual citizens."

"I would also like to state that I have never traded on my relationship with the president for any client—and I never will," Deaver said.

Seven of the subcommittee's 18 members, including one Republican, Rep. Michael G. Oxley (Ohio), attended the opening session yesterday morning. In the afternoon, three subcommittee members, all Democrats, heard Deaver continue his testimony.

Spokesman for Canadian Government Denies Conflict of Interest by Deaver

Associated Press

OTTAWA, May 16—A spokesman for Prime Minister Brian Mulroney today rejected allegations that former White House aide Michael K. Deaver violated U.S. conflict-of-interest law by representing Canada on the acid rain issue.

"There was no breach," said spokesman Bill Fox. "We first talked to him about a contract after he left the White House. There's no conflict, none at all."

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By NORMAN D. SANDLER

WASHINGTON (UPI) - Michael Deaver, once the man closest to the president and now the target of an FBI inquiry into his lucrative lobbying activities, told a secret House session today that his actions have been "within the law at all times."

"I have never traded on my relationship with the president for any client - and I never will," Deaver said in a statement prepared for delivery to a House Energy and Commerce Subcommittee.

Arriving at a House office building with a smile, Deaver strode Ramrod straight, briefcase in hand, through a crowd of reporters.

"After five months of innuendos and news leaks, it's my time today," the former deputy White House chief of staff declared.

Deaver, engulfed in controversy stirred in part by former rivals in the conservative wing of the administration, then told of his activities as a presidential aide-turned-lobbyist at the closed hearing chaired by Rep. John Dingell, D-Mich.

Deaver answered questions under oath for more than three hours and was asked to return for an afternoon session. During the recess, Dingell told reporters the panel had closely questioned Deaver about his role in lobbying on acid rain issues for Canada and "about his filings under the Foreign Agents Registration Act."

Dingell declined to characterize the testimony except to say, "He answered our questions." In his statement distributed to reporters, Deaver said his total commitment has been to serve President Reagan and his best interests.

"I believe I've done that," Deaver said. "I have absolutely never taken advantage of that personal relationship - nor have I ever been accused of such until recently," Deaver said.

"For weeks now, I have read with growing anger, the various misinformed allegations of unnamed critics in the press," he said.

"To read news reports, one would think I am a one-man operation who takes big fees from clients for doing nothing more than placing phone calls and having meetings with top government officials. Nothing could be farther from the truth."

Deaver said his testimony before the subcommittee will show that "both in government and in private business, my actions have been within the law at all times, and that I have consistently sought to maintain a high standard of integrity."

"I only ask not to be judged on the basis of anonymous leaks," he said.

Deaver said he has been close friends with Reagan and his wife, Nancy, for 20 years, and they remain good friends although he has left the White House.

"I do not believe that my friendship with them is either a commodity to be exploited by me, or a legitimate basis for my being lauded in the press or anywhere else," Deaver said.

He said that the suggestion he would suddenly begin using his relationship with the president for "personal gain is not only un-spirited, but is also an implicit attack on the integrity of the president."

Deaver told the subcommittee that he always has been sensitive to the possibility people might try to hire him for a "quick fix" or easy access to the White House.

As a result, he said he only enters into long-term contracts and refuses to be considered a "firefighter - available for hire on an hourly or daily basis."

"The suggestion that I, or anyone in this town, could turn an issue around by a phone call to the president or to a cabinet member is a disservice to our government," he said.

He also said the foreign governments he has been representing are all clients which are strong allies of the United States.

"The service I render to these foreign clients is the same as that performed on behalf of my domestic clients - the basis of which is not a relationship with the Reagans, but rather my firm's understanding of our economic and political system and of effective communications."

The subcommittee was expected to question Deaver, a longtime Reagan aide and personal friend, about his lobbying work on acid rain for Canada - an issue in which he participated at the White House.

Deaver arrived for the hearing amid new disclosures by syndicated columnists Rowland Evans and Robert Novak that Deaver, in his lobbying for Rockwell International, maker of the B-1 bomber, submitted a list of secrets to Office of Management and Budget Director James Miller.

The columnists reported that the questions sought to compare the existing B-1 with its successor, the classified Stealth bomber, manufactured by Rockwell rival Northrop Corp.

A Dingell aide said Deaver also would be asked about his \$300,000 contract to lobby for Caribbean sugar-growing nations, which won a favorable import quota ruling from Reagan in 1985.

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BY NORMAN D. SANDLER
WASHINGTON (UPI) -- MICHAEL DEAVER, ONCE THE MAN CLOSEST TO THE PRESIDENT AND NOW THE TARGET OF AN FBI INQUIRY INTO HIS LUCRATIVE LOBBYING ACTIVITIES, TOLD A SECRET HOUSE SESSION FRIDAY THAT HIS ACTIONS HAVE BEEN "WITHIN THE LAW AT ALL TIMES."

"I HAVE NEVER TRADED ON MY RELATIONSHIP WITH THE PRESIDENT FOR ANY CLIENT -- AND I NEVER WILL," DEAVER SAID IN A STATEMENT PREPARED FOR DELIVERY TO A HOUSE ENERGY AND COMMERCE SUBCOMMITTEE.

ARRIVING AT A HOUSE OFFICE BUILDING WITH A SMILE, DEAVER STRODE RAMROD STRAIGHT, BRIEFCASE IN HAND, THROUGH A CROWD OF REPORTERS.

"AFTER FIVE MONTHS OF INNUENDOS AND NEWS LEAKS, IT'S MY TIME TODAY," THE FORMER DEPUTY WHITE HOUSE CHIEF OF STAFF DECLARED.

DEAVER, ENGULFED IN CONTROVERSY STIRRED IN PART BY FORMER RIVALS IN THE CONSERVATIVE WING OF THE ADMINISTRATION, THEN TOLD OF HIS ACTIVITIES AS A PRESIDENTIAL AIDE-TURNED-LOBBYIST AT THE CLOSED HEARING CHAIRED BY REP. JOHN DINGELL, D-MICH.

IN HIS STATEMENT DISTRIBUTED TO REPORTERS, DEAVER SAID HIS TOTAL COMMITMENT HAS BEEN TO SERVE PRESIDENT REAGAN AND HIS BEST INTERESTS.

"I BELIEVE I'VE DONE THAT," DEAVER SAID. "I HAVE ABSOLUTELY NEVER TAKEN ADVANTAGE OF THAT PERSONAL RELATIONSHIP -- NOR HAVE I EVER BEEN ACCUSED OF SUCH UNTIL RECENTLY," DEAVER SAID.

"FOR WEEKS NOW, I HAVE READ WITH GROWING ANGER, THE VARIOUS MISINFORMED ALLEGATIONS OF UNNAMED CRITICS IN THE PRESS," HE SAID.

"TO READ NEWS REPORTS, ONE WOULD THINK I AM A ONE-MAN OPERATION WHO TAKES BIG FEES FROM CLIENTS FOR DOING NOTHING MORE THAN PLACING PHONE CALLS AND HAVING MEETINGS WITH TOP GOVERNMENT OFFICIALS. NOTHING COULD BE FARTHER FROM THE TRUTH."

DEAVER SAID HIS TESTIMONY BEFORE THE SUBCOMMITTEE WILL SHOW THAT "BOTH IN GOVERNMENT AND IN PRIVATE BUSINESS, MY ACTIONS HAVE BEEN WITHIN THE LAW AT ALL TIMES, AND THAT I HAVE CONSISTENTLY SOUGHT TO MAINTAIN A HIGH STANDARD OF INTEGRITY."

"I ONLY ASK NOT TO BE JUDGED ON THE BASIS OF ANONYMOUS LEAKS," HE SAID.

DEAVER SAID HE HAS BEEN CLOSE FRIENDS WITH REAGAN AND HIS WIFE, NANCY, FOR 20 YEARS, AND THEY REMAIN GOOD FRIENDS ALTHOUGH HE HAS LEFT THE WHITE HOUSE.

"I DO NOT BELIEVE THAT MY FRIENDSHIP WITH THEM IS EITHER A COMMODITY TO BE EXPLOITED BY ME, OR A LEGITIMATE BASIS FOR MY BEING HOUNDED IN THE PRESS OR ANYWHERE ELSE," DEAVER SAID.

HE SAID THAT THE SUGGESTION HE WOULD SUDDENLY BEGIN USING HIS RELATIONSHIP WITH THE PRESIDENT FOR "PERSONAL GAIN IS NOT ONLY MEAN-SPIRITED, BUT IS ALSO AN IMPLICIT ATTACK ON THE INTEGRITY OF THE PRESIDENT."

DEAVER TOLD THE SUBCOMMITTEE THAT HE ALWAYS HAS BEEN SENSITIVE TO THE POSSIBILITY PEOPLE MIGHT TRY TO HIRE HIM FOR A "QUICK FIX" OR EASY ACCESS TO THE WHITE HOUSE.

AS A RESULT, HE SAID HE ONLY ENTERS INTO LONG-TERM CONTRACTS AND REFUSES TO BE CONSIDERED A "FIREFIGHTER -- AVAILABLE FOR HIRE ON ANY HOURLY OR DAILY BASIS."

"THE SUGGESTION THAT I, OR ANYONE IN THIS TOWN, COULD TURN AN ISSUE AROUND BY A PHONE CALL TO THE PRESIDENT OR TO A CABINET MEMBER DOES A DISSERVICE TO OUR GOVERNMENT," HE SAID.

HE ALSO SAID THE FOREIGN GOVERNMENTS HE HAS BEEN REPRESENTING ARE ALL CLIENTS WHICH ARE STRONG ALLIES OF THE UNITED STATES.

"THE SERVICE I RENDER TO THESE FOREIGN CLIENTS IS THE SAME AS THAT PERFORMED ON BEHALF OF MY DOMESTIC CLIENTS -- THE BASIS OF WHICH IS NOT MY RELATIONSHIP WITH THE REAGANS, BUT RATHER MY FIRM'S UNDERSTANDING OF OUR ECONOMIC AND POLITICAL SYSTEM AND OF EFFECTIVE COMMUNICATIONS."

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(13GRAFLD-PICKUP9THGRAFI IN HIS SIX-PAGE - END OF HEARING)
BY TIMOTHY BANNON

WASHINGTON (UPI) - FORMER WHITE HOUSE AIDE MICHAEL DEEVER, TESTIFYING UNDER OATH AT A CLOSED HOUSE HEARING, FRIDAY DISMISSED AS "OUTRAGEOUS" ALLEGATIONS HE VIOLATED FEDERAL ETHICS LAWS WHILE HELPING CANADA GET A U.S. COMMITMENT TO HELP FIGHT ACID RAIN.

"I HAVE NEVER TRADED ON MY RELATIONSHIP WITH THE PRESIDENT FOR ANY CLIENT - AND I NEVER WILL," DEEVER, WHO FACES AN FBI INQUIRY, DECLARED IN AN OPENING STATEMENT DISTRIBUTED TO REPORTERS OUTSIDE THE HEARING ROOM.

"FOR WEEKS NOW I HAVE READ WITH GROWING ANGER THE VARIOUS MISINFORMED ALLEGATIONS OF UNNAMED CRITICS."

EMERGING LATER AFTER 5 1/2 HOURS OF SWORN TESTIMONY, DEEVER SAID, "I HAVE NO QUESTION IN MY MIND THAT I HAVE FOLLOWED THE LAW."

INTERROGATED BY A HOUSE ENERGY AND COMMERCE SUBCOMMITTEE, THE MAN WHO ONCE WAS ONE OF PRESIDENT REAGAN'S CLOSEST AIDES ALSO WAS QUESTIONED ABOUT A NEW ISSUE - HIS LOBBYING COMPANY'S FILINGS UNDER THE FOREIGN AGENTS REGISTRATION ACT, PANEL CHAIRMAN JOHN DINGELL, D-MICH., SAID.

TWO OFFICIALS AT THE U.S. TRADE REPRESENTATIVE'S OFFICE HAVE TOLD UNITED PRESS INTERNATIONAL THEY QUESTION THE ACCURACY OF DEEVER'S JUSTICE DEPARTMENT FILINGS. ONE SAID HE WAS OUT OF THE COUNTRY ON THE DAY A MEETING WAS LISTED; ANOTHER SAID HIS MEETING OCCURRED ON A DATE DIFFERENT THAN WAS REPORTED.

DEEVER, HOWEVER, TOLD REPORTERS, "I THINK SOME OF THE QUESTIONS RAISED IN THE PAST FIVE MONTHS HAVE BEEN POLITICALLY MOTIVATED."

HE REFUSED TO IDENTIFY PARTIES HE SUSPECTED OF SUCH "OUTRAGEOUS AND UNWARRANTED" MOTIVATIONS.

DINGELL'S PANEL IS PROBING WHETHER DEEVER MAY HAVE VIOLATED CONFLICT OF INTEREST LAWS BY REPRESENTING LOBBYING CLIENTS ON MATTERS IN WHICH HE PARTICIPATED WHILE AT THE WHITE HOUSE.

BUT DEEVER DISMISSED AS "AN INSULT TO MY CLIENTS AND ... TO ME" ASSERTIONS THAT DEFENSE CONTRACTORS AND FOREIGN GOVERNMENTS RETAINED HIS LOBBYING FIRM BECAUSE OF HIS INFLUENCE WITH REAGAN.

"I'M A PROFESSIONAL WITH 25 YEARS OF PUBLIC POLICY EXPERIENCE," SAID DEEVER, ASSERTING THOSE CLIENTS WOULD HAVE HIRED HIM IF HE NEVER WORKED AT THE WHITE HOUSE.

AT A NEWS CONFERENCE DURING A RECESS, DINGELL SAID DEEVER "ANSWERED OUR QUESTIONS." HE SAID IT WOULD BE "INAPPROPRIATE" TO DISCUSS DETAILS OF TESTIMONY IN EXECUTIVE SESSION; A CONDITION DEMANDED BY DEEVER, REAGAN'S FORMER DEPUTY CHIEF OF STAFF.

DEEVER SAID HE WOULD RETURN FOR ANOTHER SESSION, YET TO BE SCHEDULED, BEFORE THE OVERSIGHT AND INVESTIGATIONS SUBCOMMITTEE.

IN HIS SIX-PAGE STATEMENT, DEEVER ASSERTED HIS LOBBYING, A GREAT OPTION FOR FOREIGN COUNTRIES, HAS BEEN "WITHIN THE LAW AT ALL TIMES."

STRAIDING INTO THE HOUSE RAYBURN OFFICE BUILDING, RAMROD STRAIGHT, WITH BRIEFCASE IN HAND, HE SAID HE NOW HAD A CHANCE TO STRIKE BACK AT "FIVE MONTHS OF INNUENDOS AND NEWS LEAKS."

"IT'S MY TIME TODAY," HE SAID.

DINGELL SAID THE PANEL QUESTIONED DEEVER ABOUT HIS INVOLVEMENT IN WHITE HOUSE MEETINGS IN WHICH IT WAS DECIDED TO REVERSE POLICY AND URGE APPOINTMENT OF SPECIAL U.S. AND CANADIAN ENVOYS ON THE ACID RAIN ISSUE AND HIS LATER ACCEPTANCE OF A \$105,000 CONTRACT TO LOBBY FOR CANADA ON THE MATTER.

THE GENERAL ACCOUNTING OFFICE, CONGRESS'S INVESTIGATIVE ARM, SAID IN A REPORT THAT DEEVER'S LOBBYING ACTIVITY MAY HAVE VIOLATED FOUR ETHICS LAWS.

THE FBI IS LOOKING INTO DEEVER'S LOBBYING AT THE REQUEST OF THE 40 FIVE SENATE DEMOCRATS, THE OFFICE OF GOVERNMENT ETHICS AND DEEVER HIMSELF. UNDER THE ETHICS IN GOVERNMENT ACT, IF THE FBI FINDS CREDIBLE EVIDENCE OF VIOLATIONS, THE MATTER MUST BE TURNED OVER TO AN INDEPENDENT COUNSEL.

DEEVER SAID HIS TOTAL COMMITMENT HAS BEEN TO SERVE REAGAN AND HIS BEST INTERESTS. HE SAID THAT THE SUGGESTION HE WOULD SUDDENLY BEGIN CHANGING HIS RELATIONSHIP WITH THE PRESIDENT FOR "PERSONAL GAIN IS NOT JUSTIFIED, BUT IS ALSO AN IMPLICIT ATTACK ON THE INTEGRITY OF THE PRESIDENT."

DEEVER SAID HE WOULD THINK "I AM A ONE-MAN OPERATION," BUT HE SAID HE WAS NOT "DOING MORE THAN PLACING MYSELF IN A POSITION TO SERVE THE GOVERNMENT OF THE UNITED STATES."

SAYING HE HAS "CONSISTENTLY SOUGHT TO MAINTAIN A HIGH STANDARD OF INTEGRITY," DEEVER ADDED, "I ONLY ASK NOT TO BE JUDGED ON THE BASIS OF ANONYMOUS LEAKS."

NOTING HE HAS BEEN CLOSE FRIENDS WITH THE REAGANS FOR 20 YEARS, DEEVER SAID, "I DO NOT BELIEVE THAT MY FRIENDSHIP WITH THEM IS EITHER A LIABILITY TO BE EXPLOITED BY ME, OR A LEGITIMATE BASIS FOR MY BEING MENTIONED IN THE PRESS OR ANYWHERE ELSE."

DEEVER TOLD THE SUBCOMMITTEE THAT TO AVOID BEING HIRED AS A "FIREFIGHTER" OR FOR EASY ACCESS TO THE WHITE HOUSE, HE ONLY ENTERS INTO LONG-TERM CONTRACTS.

"THE SUGGESTION THAT I, OR ANYONE ELSE, IS ..."

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Deaver's Role in Effort For D.C. Baseball Studied

Reagan Letter Endorses Return of Team

By David Hoffman
Washington Post Staff Writer

A preliminary inquiry by the Federal Bureau of Investigation into the activities of former White House deputy chief of staff Michael K. Deaver will include Deaver's role in obtaining a letter from President Reagan endorsing the return of major league baseball to Washington, government sources said yesterday.

Deaver has said he volunteered the free services of his firm, Michael K. Deaver & Associates, to help the D.C. Baseball Commission make a presentation to the major league baseball owners late last year about bringing a team back to Washington. As part of the presentation, the Deaver firm prepared a pamphlet that included a letter from the president endorsing the idea of locating a team here.

The preliminary FBI investigation is the first step in the Justice Department effort to determine whether to appoint an independent counsel to probe allegations that Deaver violated federal conflict-of-interest laws. Deaver himself and five Democratic senators have asked for the appointment of the independent counsel.

In the letter seeking such a probe, the five senators cited questions about Deaver's lobbying activities on the acid-rain issue, on the B1 bomber, on a Puerto Rico tax issue and on behalf of South Korean interests. The baseball issue was not among those mentioned by the senators.

However, White House counsel Peter J. Wallison told presidential aides in a memo this week that the FBI was also looking into the circumstances surrounding the baseball letter. Wallison urged all Reagan's aides to cooperate with the FBI investigation. Other officials said they have been asked to send material on any of the five topics to Wallison and that the FBI may later conduct interviews.

It could not be learned why the FBI has added the baseball letter to the subjects being investigated. New York Times columnist William

Safire recently questioned whether Deaver was seeking to generate business from the baseball franchise later by providing free services on the issue.

How the ethics laws apply to the letter situation is also unclear. The law includes restrictions on the contacts that an ex-official such as Deaver may have with his former office, although these limits apply to contacts in behalf of a "particular government matter" in which the office has a "direct or substantial interest."

A source familiar with the activities of the Deaver firm said former White House counsel Fred F. Fielding had given prior approval to sending the baseball letter.

Deaver said in an interview earlier this year that he donated about \$20,000 worth of in-kind services by his firm to the baseball effort. He could not be reached for comment yesterday.

The source familiar with the firm's activities said the baseball commission approached Deaver last October seeking help with a presentation to major league owners on why Washington would be a favorable location.

"Deaver said it was not a project the firm could take on" but volunteered the firm's services, the source said. Deaver's employees then created a "marketing booklet" on Washington as a potential location for a baseball franchise, the source said.

The booklet included Reagan's letter, addressed to the owners, the source said. Deaver's firm never had a contract with the commission and never received payment for expenses, the source added.

The source also said, "Any suggestion that the work was done with regard to future work is totally without foundation." Deaver did not personally obtain the letter from Reagan, but someone in his firm did, the source said.

The letter was a revised version of one Reagan sent in September 1984. The booklets and a script for the presentation were then turned over to D.C. Baseball Commission members, who actually made the pitch in New York, the source said.

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**Canadian Minister
Defends Decision
To Hire Deaver**

Washington Post Foreign Service

OTTAWA, May 14—External Affairs Minister Joe Clark today testily defended Canada's decision to hire former White House deputy chief of staff Michael K. Deaver as a lobbyist, saying the \$105,000 contract did not violate either U.S. or Canadian law.

In a series of acrimonious exchanges in the House of Commons and later in a parliamentary committee, Clark sharply rebuked opposition Liberal member of Parliament Lloyd Axworthy for suggesting that Canadian officials may knowingly have violated U.S. law when they contracted with Deaver.

Clark called these suggestions "unworthy of a member of this House of Commons" and "fantasies."

Axworthy, responding in kind, said, "You might find it might turn into a nightmare."

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Deaver Gives Up Symbols Of His Link to Presidency

Ex-Aide Defends Role as Lobbyist

By Lou Cannon
Washington Post Staff Writer

Former White House deputy chief of staff Michael K. Deaver said yesterday that he has given up key symbols of his special relationship with President Reagan but he denied ever using that special relationship to help foreign or domestic clients of his consulting business.

In an interview with The Washington Post, Deaver said he sent back his White House pass, no longer receives a copy of Reagan's daily schedule and no longer plays on the White House tennis courts.

Deaver also confirmed that Fred Doucet, a senior adviser to Canadian Prime Minister Brian Mulroney, had raised the question of working for Canada on Feb. 28, 1985, more than two months before Deaver left the White House. Deaver said it was an "off-the-cuff" remark as they were walking out of a planning meeting for an Ottawa summit session, in which Doucet said, "You know, you're a helluva guy, a guy the Canadians ought to be thinking about."

Deaver said he replied, "For God's sake, don't talk to me about that."

In the interview, in which he defended his role as a lobbyist for the Canadian government on acid rain after participating in discussions on the issue as a White House official, Deaver maintained that he had never used his 20-year relationship with the president and Nancy Reagan "on behalf of any client" since he left the White House on May 10, 1985.

Deaver said in a subsequent telephone conversation that he

had returned his White House pass yesterday morning with a personal note of thanks to Reagan, which also said he wanted to spare the president any "embarrassment."

Deaver's detailed defense of his actions as a lobbyist came the day after the General Accounting Office issued a report suggesting that he may have violated federal conflict-of-interest laws in his dealings on the acid rain issue and referring the matter to the Justice Department for further investigation.

On Jan. 8, special envoys Drew Lewis, for the United States, and William Davis, for Canada, issued a joint report, subsequently endorsed by Reagan, which recommended a five-year, \$5 billion program, funded half by government and half by private industry, for reducing acid rain.

The interview was limited by Deaver to the acid rain issue and general questions about the propriety of serving as a lobbyist for foreign governments. Deaver is scheduled to testify Friday on other alleged conflicts before the House Energy and Commerce subcommittee on oversight and investigations at a hearing that has been closed by Chairman John D. Dingell (D-Mich.).

Deaver disputed the GAO report, which he called "a mouse," on a number of particulars but acknowledged that he had participated in five meetings on the acid rain issue while still a White House official. However, he denied that the subject had come up in at least 15 discussions in the White House, as James F. Hinchman, deputy general counsel of the GAO, testified before the House subcommittee on Monday.

Hinchman's report listed the five meetings in which Deaver participated and stated that the subject of appointing a special U.S. envoy to Canada for acid rain "is said to have been discussed on an ongoing basis

during the 8 a.m. White House senior staff meetings that occurred almost daily over the two-week period prior to the March 17-18 summit meeting." Deaver said he had no recollection of the issue being discussed then.

Deaver also denied that in the course of his discussions on acid rain as a White House official he had participated "personally and substantially" in a "particular matter involving specific parties," the prohibition in one section of the conflict-of-interest statute. He based this on his lack of substantive knowledge of the issue, saying, "I couldn't even tell you what acid rain means."

When it was pointed out that the law did not require a scientific knowledge of acid rain as a test of substantial involvement, he repeated, "I don't believe that I was personally and substantially involved in the acid rain issue."

Deaver also objected to the GAO for issuing the report on the basis of interviews with 10 people without having sought his side of the story. In response to this complaint, Hinchman essentially repeated what he had told the House subcommittee the day before. "Once we decided that a referral to Justice was warranted, we concluded that it would be more appropriate for any interview of Mr. Deaver to occur

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within the normal law enforcement process," Hinchman said.

In discussing the White House privileges he said he had given up, Deaver said he had stopped receiving a copy of the president's daily schedule two weeks ago, shortly after an account of the practice appeared in The Washington Times. He said he had not played tennis on the White House courts for some time.

Deaver said that Reagan had told him in the Rose Garden on the day he left the White House that he could keep his White House pass. A senior White House official said yesterday that five or six other former officials, whom he did not identify, currently hold such passes.

In the interview Deaver said he also had terminated discussions for an \$18 million buyout by Saatchi and Saatchi, a London advertising agency which on Monday was reported to be in the process of acquiring Ted Bates Worldwide, the third largest U.S. advertising agency.

The tape-recorded interview was conducted in Deaver's Georgetown offices in the presence of his attorney, Herbert J. Miller, and an associate of the Deaver firm, former White House official Pamela G. Bailey. Deaver repeatedly defended the legality of his actions, but acknowledged that "the media perception, the public perception at this point is not good, there's no question about that."

However, he said there was nothing wrong in his representation of foreign governments, which include South Korea and Saudi Arabia as well as Canada. "I don't think it's wrong for a senior White House official to represent a foreign government," Deaver said. "I really don't. I believe that that experience can provide a real service, not only to that government or any client, and also serve the best interests of the United States."

DEAVER GIVES UP WHITE HOUSE PASS

He Yields Perquisites to Curb Embarrassment to Reagan

By MARTIN TOLCHIN
Special to The New York Times

WASHINGTON, May 13 — Michael K. Deaver relinquished his White House perquisites today in what a source close to Mr. Deaver called an effort to remove a possible embarrassment to President Reagan.

Mr. Deaver returned his White House pass with a personal note to the President, according to the source. Mr. Deaver also asked that he no longer receive a daily copy of the President's confidential schedule and no longer have access to the White House tennis court.

The White House pass and note were delivered by messenger. "People have misunderstood it," said a source close to Mr. Deaver. "They assumed he was using it for his personal purposes."

Action Follows G.A.O. Report

The action marked the first effort to place some distance between Mr. Deaver, the former deputy White House chief of staff, and Mr. Reagan. It came a day after the General Accounting Office told Congress that Mr. Deaver "appears" to have violated conflict-of-interest laws, and sent its findings to the Justice Department for use in considering whether to prosecute Mr. Deaver.

Peter H. Roussel, a White House spokesman, did not respond to telephone calls.

Mr. Deaver, an intimate of Mr. Reagan and his wife, Nancy, left the White House a year ago to form a lobbying business that represents several foreign governments, including Canada. Congressional investigators and the Justice Department are seeking to determine whether Mr. Deaver violated laws that restrict the lobbying activities of former public officials.

In a related development, two opposition members of the Canadian Parliament brought the Deaver case to the floor of the House of Commons. "Many Canadians are becoming increasingly concerned about the embroilment of the Canadian Government in the impending investigations, and, in fact, in the scandal associated with Mr. Michael Deaver," Lloyd Axworthy, a Liberal from Winnipeg and deputy external affairs critic, told the House of Commons.

Mr. Deaver has broken off negotiations with Saatchi & Saatchi, a British-

based company that had sought to acquire his lobbying business for \$18 million. An aide to Mr. Deaver said he wanted to concentrate on serving his clients and clearing his name.

Of the \$18 million, \$4 million was to be the down payment, and the remainder was to be spread out over seven years, contingent on the company's meeting its revenue goals. Mr. Deaver was to become a vice chairman of Saatchi & Saatchi, which wanted him to help set up and manage consulting services, the aide said.

Congressional critics have charged that Mr. Deaver exploited his friendship with Mr. Reagan in behalf of his lobbying clients. At a hearing conducted by the Senate Judiciary Committee, Senator Paul Simon, an Illinois Democrat, noted Mr. Deaver's array of high-paying foreign clients and asked, "Is he getting those clients because he knows so much about those countries or because he has access?"

Five Democrats on the Senate Judiciary Committee joined the Office of Government Ethics and Mr. Deaver himself in asking that the Justice Department consider asking a Federal court to appoint an independent counsel to investigate conflict-of-interest charges against Mr. Deaver.

Deaver to Face Congress Friday

The lobbyist, meanwhile, prepared to appear Friday before the Oversight and Investigations Subcommittee of the House Energy and Commerce Committee, which plans to question him on a broad range of activities. His testimony, in executive session, is expected to last all day.

Representative John D. Dingell, the Michigan Democrat who is chairman of both the committee and the investigations subcommittee, had requested the G.A.O. inquiry into Mr. Deaver's role, both in and out of the White House, in moving the United States to an agreement with Canada on acid rain.

The hearing Friday will also consider Mr. Deaver's role in:

¶Negotiations in a settlement for the Daewoo Corporation, a big South Korean steel maker, in a trade case involving purported violation of American import restrictions.

¶The efforts of the Rockwell International Corporation to persuade the Government to increase Air Force purchases of B-1 bombers.

¶The successful efforts of Puerto Rico to retain tax advantages worth \$600 million a year to the island's economy.

¶President Reagan's approval of sugar quotas that benefited Caribbean nations represented by Mr. Deaver's lobbying concern.

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Deaver: 'I Didn't Use My Influence' at Any Time

Edited excerpts of Michael K. Deaver's interview with staff writer Lou Cannon:

Q: According to the GAO report and the testimony yesterday, Drew Lewis had a White House pass, he had phones, he had an office, and I wonder how it was that you did not consider him a White House official?

A: Well, let me say first of all on the GAO report that in my opinion the report was a mouse. After five months of investigating, interviewing only 10 people, and never once asking for my side of the story, they issued their report. I think the report clearly indicates I haven't violated any law. There's no suggestion in the report that I participated personally and substantively in the substantive aspect of the acid rain issue itself, which is the real matter involved. Secondly, what the GAO knows about my influence in the White House is speculation. In any event I didn't use my influence with the president or the White House at any time. As to Mr. Lewis, the GAO document clearly shows that he was on the State Department rolls as a special envoy, not the White House.

Q: Well, actually, the GAO report, in my reading of it, doesn't show that, Mike. [The GAO makes] an argument that he could be considered State in one sense and they made an argument that he could be considered White House in another since he had this, this access.

A: Well, let me just say this . . . From the very beginning I assumed, in dealing with special envoys and ambassadors . . . at the White House, that Lewis was a State Department appointment. Now, if the GAO lawyers who are rained in the law cannot testify before a congressional committee that they know in fact he was either on the State Department or the White House, how's somebody like myself supposed to determine that. In my judgment all special envoys in the past reported through the State Department.

Q: At the hearing yesterday the GAO testified that . . . [Robert C. (Bud) McFarlane had told them that you had said either Drew Lewis or Bill Clark would be okay for that special envoy job, is that right?

A: First of all, I didn't participate—other than in that discussion—in the selection. I don't know how the selection went to the president; I don't really know who took it to him; I assume that the secretary of state did. But the only question on who was going to be the special envoy was posed to me by Bud saying here are the two candidates; you got any feelings about them? And I said either one would be acceptable.

Q: Doesn't that show some involvement in the selection process?

A: Well, I was involved in probably over a hundred appointments . . .

Q: You don't think that shows an involvement in the selection process?

A: I don't think it shows a specific special involvement.

Q: Your firm through Mr. [William] Sittman offered [White House counsel] Fred Fielding that job at lunch or explored having a job on Feb. 27, and that was one day before Fielding sent this memo which was clearly favorable to you?

A: First of all, there was no offer of a job of any kind to Mr. Fielding. Secondly, I don't know anything about what the internal papers were at the White House or the timing of those papers.

Q: Well, did Sittman discuss a job with him?

A: I think Sittman—I don't know, I wasn't at the luncheon, but it's my understanding that Sittman told him a little bit about what we were doing and wanted to know what Fred was going to be doing. But there was never any offer of a job.

Q: Doesn't that have the appearance at least of influencing the process? Even if you didn't know anything about the timing, Fred is the counsel.

A: That would suggest that there was some motive on our part of our offering Fred a job and that's an insult to Fred . . . What I'm saying is the question would suggest that we knew that Fred was going to be ruling on some issue affecting us and so we ran over and offered him a job. We didn't offer him a job. Bill and Fred were friends; they had social lunches together on occasion. The discussion of what Fred was going to do and what we were doing over here came up and that was as far as it went.

Q: In reading the report, they talk about a number of meetings and conversations, and I wondered, just on the number of contacts, how you would be able to maintain that you weren't personally and substantially involved—which I think is the language of the statute—in this matter when you were a White House official.

A: I was never involved personally or substantially, in my opinion, on the substantive issue of acid rain. I couldn't tell you today what acid rain means. I was involved as a matter of procedure as I was involved in every state visit and every summit and every bilateral meeting we had with heads of state on the communications strategy and the logistics of the summit.

Q: [Canadian Ambassador to the U.S. Allan E.] Gottlieb described a Canadian official as having made a light-hearted remark to you [about future employment]. Was it light-hearted?

A: Absolutely. It was simply off the cuff as we were walking out of the meeting, saying, you know, you're a helluva guy, a guy the Canadians ought to be thinking about. I said for God's sake, don't talk to me about that . . .

Q: Do you think [your representation of Canada] appears bad in any way, and if it is, is there anything you intend to do about it?

A: First of all, for 25 years I would never do anything to hurt

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Ronald and Nancy Reagan, and I'm saddened [at] the misinterpretation of all of this. I've never used my relationship with the Reagans in the White House on behalf of any client since I've left, and that's one of the reasons why yesterday I returned my White House pass . . . it's been totally misinterpreted. [It was] a very warm gesture by the president to me [that] has been tainted as some sort of misuse of the privilege. I've never done that. The only time I used that White House pass was when I was called back to the White House to help them on the Gorbachev summit and other planning meetings or when [wife] Carolyn and I were invited over socially. I think this episode has been blown out of proportion. There has been a lot of misreporting, anonymous White House leaks, staffers from the Hill. And Friday I hope that I'm going to be able to tell for the first time my side of the story.

Q: What about the daily schedule? You said you returned your White House pass . . .

A: I never asked for the daily schedule. It came when I began helping them on the Gorbachev summit. Frankly, it was something I never paid any attention to unless somebody from the White House called me and said, what do you think about this, and I'd have to refer to it. But I two weeks ago told them to stop sending it to me . . .

Q: Do you think that going to work for a foreign government is a kind of an appropriate thing for somebody who's as close to the president of this country?

A: Well, first of all I would only work for a country that was an ally of us. I would never take on somebody that we had a problem with. And secondly I would never do anything for that country that was not in the best interest of the United States government. Thirdly, I think it's important to remember that foreign governments are no different from a large corporation or a senior citizens' advocacy group. Looking at this mammoth government with a \$1 trillion budget and a bureaucracy that's the largest in the world and trying to figure out how to get through to that and how to understand the process. And I think it's really in the best interests of this government that other governments who are strong friends and allies, who have experience in getting around the government. That doesn't mean that they're hir-

ing people to pick up the phone; it's ludicrous to think that somebody can simply pick up the phone, call the White House or somebody else and get something done immediately. It takes hard work at all levels. And you know, I built up here a staff of almost 20 people who've had almost 30 years' experience in government, labor, EPA, Federal Reserve, special trade representatives, State Department, these are all professionals. And frankly they resent, and so do I, the fact that we're nothing but access peddlers. We are roll-up-the-sleeves, hard-working people trying to solve problems for our clients. And in every instance where I have been involved on behalf of foreign governments and we've been able to find a solution to their problem, it's been to the mutual satisfaction of the United States government. The United States government was tickled to death that that government had somebody who knew and understood the process.

Q: Doesn't it look like when you leave the White House and you sign up clients for a very large fee, doesn't it give the appearance of peddling access?

A: Well, let me tell you something, there wasn't a heck of a lot of talk about that [when] I . . . had a lot of favorable stories. But the minute I got on the cover of Time magazine and the minute the story leaked about Saatchi and Saatchi wanting to buy this firm, the wolves were out, the knives began. And the story of Saatchi and Saatchi, [with] which incidentally I have terminated negotiations indefinitely because of all this. Saatchi and Saatchi wasn't interested in buying a Washington-based lobbying firm. Saatchi and Saatchi was interested in having the expertise of this firm on an international consulting arrangement . . . And it was a seven-year buyout, and we had to produce during that seven years to be able to get the benefit of that sale. So it wasn't a lump sum of \$18 million and it wasn't any more than any other small business or legal firm in this town would have gotten in a similar kind of arrangement.

Q: And even in the favorable stories, did you feel that this is a good appearance for you and for the Reagans?

A: Well, it's obviously, the media perception, the public perception at this point is not good, there's no

question about that. I don't think I've done anything differently than anybody else who was a senior White House official has done. The minute I got out of the White House I hired good legal counsel because I knew that this could—that I was going to be under scrutiny. I was going to be very visible and have a high profile. I'm certainly not pleased with the fact that my children have to make their way through television news every morning to get to school. That I'm being portrayed as something evil . . .

Q: But I wondered what your own reflection . . . ?

A: I don't think it's wrong for a senior White House official to represent a foreign government. I really don't. I believe that that experience can provide a real service, not only to that government or any client, and also serve the best interests of the United States. Now if I was representing Angola or the Soviet Union or something like that, sure, but I would never consider doing something like that . . .

Canadian Legislators To Probe Deaver Hiring

By Herbert H. Denton
Washington Post Foreign Service

TORONTO, May 13—A Canadian parliamentary committee plans to conduct a preliminary inquiry Wednesday on the circumstances surrounding Canada's decision to pay former White House deputy chief of staff Michael K. Deaver \$105,000 for lobbying services.

"The basic issue is whether our government spent taxpayers' dough knowingly violating U.S. law," Lloyd Axworthy, an opposition Liberal Party member of Parliament who has called for a wide-ranging investigation, said in an interview.

"It would seem to me that given the sophistication of our people in Washington," he added, "they had a pretty good idea they were running on the boundary."

The U.S. General Accounting Office told a congressional committee yesterday that Deaver "appears" to have violated conflict-of-interest laws when he influenced the Reagan administration to make an agreement with Canada on acid rain while he was in the White House and later as a lobbyist for Canada.

The 20-page report that the GAO prepared after a five-month investigation of Deaver suggested he may have violated three separate laws in his dealings on behalf of Canada. Those laws restrict former government officials from representing anyone on matters in which they had been personally and substantially involved while in office.

Canadian External Affairs Minister Joe Clark is to be questioned about the matter late on Wednesday when he appears before the parliamentary Committee on External Affairs and Internal Trade in Ottawa.

Axworthy has also requested that Fred Doucet, a senior policy adviser to Prime Minister Brian Mulroney, and Allan E. Gottlieb, the Canadian ambassador to the United States, be called later to give testimony. Conservative Party committee chairman William C. Winegard said he did not want to "prejudge" whether they would be summoned and would not decide until after Clark appears.

Gottlieb, invoking diplomatic immunity, has refused to testify before U.S. congressional committees. However, he did acknowledge last Friday in a letter to Rep. John D. Dingell (D-Mich.), the chairman of the House Energy and Commerce Committee, that before Deaver left the White House to open his lobbying business, a Canadian official had remarked to Deaver in a "lighthearted" manner that Canada could use a man of his talents. Clark said yesterday that Doucet was the official to whom Gottlieb was referring.

Gottlieb characterized the remark as "inconsequential" and said in the letter that the first discussion with Deaver about a possible contract came on May 16, 1985, six days after Deaver left the White House. However, a knowledgeable Canadian source told The Washington Post that Canadian officials laid the groundwork for a deal with Deaver before he left the White House.

U.S. law governing public ethics is far more stringent than Canadian rules, which has caused some bewilderment here about the intense public attention being given to the matter in the United States.

In the House of Commons today, George Baker, a Liberal member, said he was baffled about why it was necessary to spend \$105,000 since Mulroney's government has so often stressed its broad access and warm relations with the Reagan administration.

"Has our policy gone down to 'Leave it to Deaver'?" he inquired jestingly. "Canadian people have a right to know what Mr. Deaver did or promised to do, to earn that \$100,000."

The expectation in Ottawa was that intensive inquiry into the Canadian role in the affair would be delayed until after Friday when Deaver is to testify before a closed session of Dingell's committee.

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Details Sought in Ottawa

By CHRISTOPHER S. WREN

Special to The New York Times

OTTAWA, May 13 — Opposition Liberals pressed the Progressive Conservative Government today for details about its hiring of Mr. Deaver as a lobbyist for Canada six days after he left the White House.

Lloyd Axworthy, the deputy external affairs critic for the Liberal Party, asked in the House of Commons why the Government had offered a contract to Mr. Deaver knowing, as Mr. Axworthy put it, that it was in violation of United States laws. Mr. Axworthy added, "Who authorized it?"

George Baker, another Liberal Member of Parliament, asked why Canada needed to hire a lobbyist in Washington, given the "glow of friendship" that Prime Minister Brian Mulroney said he had kindled with the Reagan Administration. "Has our policy come down to 'leave it to Deaver'?" Mr. Baker asked.

Their questions, raised in the daily question period of the House, suggested that opposition politicians were zeroing in on the Deaver case as a potential embarrassment to Mr. Mulroney's Government.

Delay in Questions Explained

Mr. Axworthy, who is also his party's trade critic, later explained by telephone that the Liberals had not raised the Deaver issue sooner because they were tied up pressing conflict-of-interest allegations against Sinclair Stevens, the Industry Minister, who resigned Monday.

Deputy Prime Minister Erik Nielsen avoided giving a direct response today. He took notice of Mr. Axworthy's questions and promised to convey them to the External Affairs Ministry.

Mr. Nielsen also told Mr. Baker that lobbyists were "a fact of life in these days" and that he saw nothing improper in recognizing it.

Mr. Baker countered that Canadians had the right to know what Mr. Deaver did for "such an enormous sum" — the \$105,000 that Canada paid for Mr. Deaver's services as a lobbyist for a year.

"Are there other Deavers on the Canada payroll?" Mr. Baker asked.

Again, he did not get a direct response from Mr. Nielsen, who is standing in for Mr. Mulroney while the Prime Minister is visiting Asia.

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HAYNES JOHNSON

Private Gain, Public Trust

This is one of those weeks that Washington loves: a whiff of scandal in the air, a confidant of the president twisting slowly in the wind, congressional investigators pressing on with highly publicized hearings, the media pack in full assemblage and panting after the newest disclosure, and everything taking place amid the promise of more damaging developments to come. Perhaps, like the Bert Lance affair, this, too, will last into the slow summer months and hold the capital in thrall.

That is not to suggest that the Michael Deaver affair is a synthetically manufactured drama without real significance. It is to suggest that preoccupation only with Deaver's plight misses the mark.

The Deaver case is most significant as a symbol of a far more important Washington subject: the standards that govern public service here in the era of "privatization." They are low and sinking.

As the Deaver episode unfolds, inevitably drawing more and more public attention, questions are being raised about the adequacy of laws and codes of conduct governing conflicts of interest and proper behavior for government officials. Various proposals to remedy them are being floated. First, it is said, the laws and/or codes ought to be strengthened. Second, given the penchant for Washington to believe that all things can be "solved" by passing a law, there is talk of drafting new ones to replace the old.

Nonsense. No new laws are needed, no new codes of conduct required. The solution to this question of ethics is simply to observe the letter and the spirit of existing laws and codes and rigorously enforce them.

That has not been happening. The so-called "Office of Government Ethics" is a joke. Established as a bureaucratic means of overseeing and implementing ethical guidelines and rules already in existence, it does so by silence.

Even if it were functioning as intended, the greater problem involving diminishing standards of public service would remain. An officially sanctioned air of indifference to all questions of ethical conduct and impropriety permeates Washington.

Sadly, and ironically, President

Reagan has set the tone for this state of affairs. It is reflected throughout his administration. His response to legitimate, not witch-hunting, questions about ethical standards of public service has been to dismiss them as simply not matters of serious concern.

That's the way he has repeatedly dealt with new allegations arising out of the developing Deaver case. He dismisses them. They are either unimportant or derive from others' resentment of Deaver's success since leaving the president's service as White House deputy chief of staff. Reagan said: "So I think maybe the criticism is just because he is being darn successful and deservedly so."

In this, Reagan is wrong. The basic criticism about Deaver and others like him who have left high office for high private profit through government dealings revolves around fundamental questions of public service. Have they been sensitive not only to the letter of the law but to the spirit of avoiding the appearance of cashing in on their public service? If not, what kinds of signals are they sending to those who remain in government service and those who plan to enter?

It will be unfortunate if the focus on Deaver leads the country to see this as another just-politics, made-in-Washington story in which one side seeks to exploit a problem for partisan advantage. It is neither a partisan story of Democrats versus Republicans nor an ideological one pitting liberals against conservatives.

In that respect, the comments of South Carolina's conservative Republican Sen. Strom Thurmond admirably go to the heart of the real issue of setting desirable standards for public service. "I have always believed it was improper for people to hold high positions in the government and then turn around and use that position for profit," he said.

A similar statement from the president would be welcome. Instead of talking about bureaucratic fraud and about waste and abuse in government agencies, he should address the greater abuse in government today—the erosion of the concept of public service and the notion of excellence in public life. That's a theme worthy of a great communicator who happens to be president of all the people.

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FROM: NEWS
SUBJECT: FBI: FBI INQUIRY IS AN APPOINTMENT TODAY TO DEFEND TO CONGRESS HIS A
♦ UPI NATIONAL WIRE

POSTED: FRI 16-MAY-86 1:48 EDT Sys 97 (69)

EDITORS: DEEVER TESTIFIES IN CLOSED SESSION 10 AM EDT; DINGELL HOLDS
NEWS CONFERENCE AT ABOUT 1 PM EDT
DEEVER TO TELL HIS SIDE OF ETHICS STORY
BY NORMAN D. SANDLER
WASHINGTON (UPI) - MICHAEL DEEVER, ONCE THE MAN CLOSEST TO
PRESIDENT AND MRS. REAGAN AND NOW THE TARGET OF AN FBI INQUIRY, HAS AN
APPOINTMENT TODAY TO DEFEND TO CONGRESS HIS ACTIONS AS A LOBBYIST WITH
ENTREE TO POWER.

DEEVER, ENGULFED IN CONTROVERSY STIRRED IN PART BY FORMER RIVALS IN
THE ADMINISTRATION, WAS SCHEDULED TO TESTIFY IN CLOSED SESSION TO A
HOUSE SUBCOMMITTEE EXAMINING HIS ACTIVITIES AS A PRESIDENTIAL
AIDE-TURNED-LOBBYIST.

A HOUSE ENERGY AND COMMERCE SUBCOMMITTEE, HEADED BY REP. JOHN
DINGELL, D-MICH., WAS EXPECTED TO QUESTION DEEVER, A LONGTIME REAGAN
AIDE AND PERSONAL FRIEND, ABOUT HIS LOBBYING WORK ON ACID RAIN FOR
CANADA - AN ISSUE IN WHICH HE PARTICIPATED AT THE WHITE HOUSE.

A DINGELL AIDE SAID DEEVER ALSO WOULD BE ASKED ABOUT HIS LOBBYING
WORK FOR CARIBBEAN SUGAR-GROWING NATIONS, UNDER A \$300,000 CONTRACT,
THAT WON A FAVORABLE IMPORT QUOTA RULING FROM REAGAN IN 1985.

DEEVER SAID MONDAY HE WELCOMED THE CHANCE TO "TELL MY SIDE OF THE
STORY FOR THE FIRST TIME."

DINGELL PLANNED TO HOLD A NEWS CONFERENCE AFTER DEEVER WAS
QUESTIONED, A SUBCOMMITTEE AIDE SAID.

THE FBI IS LOOKING INTO ALLEGATIONS THAT DEEVER MAY HAVE VIOLATED
CONFLICT-OF-INTEREST LAWS IN HIS QUICK TRANSITION LAST YEAR FROM DEPUTY
WHITE HOUSE CHIEF OF STAFF TO A LUCRATIVE LOBBYING AND PUBLIC RELATIONS
BUSINESS.

THE FBI INQUIRY COULD BE A PRELUDE TO THE APPOINTMENT OF AN
INDEPENDENT COUNSEL - A MOVE ADVOCATED BY FIVE DEMOCRATIC SENATORS AND
DEEVER HIMSELF - TO CONDUCT A FULL-SCALE INVESTIGATION OF THE LONGTIME
PRESIDENTIAL CONFIDANT.

THE PRINCIPAL LAW CITED IN THE CASE TO DATE RESTRICTS CONTACTS
BETWEEN AN EX-OFFICIAL AND HIS FORMER AGENCY ON MATTERS IN WHICH THAT
PERSON HAD A "DIRECT OR SUBSTANTIAL INTEREST" WHILE IN OFFICE.

OTHER CONFLICT-OF-INTEREST QUESTIONS RAISED ABOUT DEEVER INCLUDE
HIS ROLE AS A WHITE HOUSE STRATEGIST UNTIL MAY 1985, AND THEN AS A
LOBBYIST FOR CANADA ON THE ISSUE OF ACID RAIN AND ON BEHALF OF BOEING
FOR THE B-1 BOMBER.

A MEMO SENT THIS WEEK BY WHITE HOUSE LEGAL COUNSEL PETER WALLISON
TO OTHER PRESIDENTIAL AIDES INDICATED THE FBI ALSO WILL REVIEW DEEVER'S
ROLE IN OBTAINING A LETTER OF ENDORSEMENT FROM REAGAN FOR A CAMPAIGN TO
LAND A MAJOR LEAGUE BASEBALL TEAM FOR WASHINGTON.

DEEVER TOLD THE WASHINGTON POST HE DONATED ABOUT \$20,000 WORTH OF
IN-KIND SERVICES BY HIS AGENCY, MICHAEL K. DEEVER & ASSOCIATES, LATE
LAST YEAR IN HELPING THE D.C. BASEBALL COMMISSION PREPARE A FORMAL
PRESENTATION TO MAJOR LEAGUE TEAM OWNERS, WHICH INCLUDED A LETTER OF
SUPPORT FROM REAGAN.

SOURCES SAID WALLISON'S PREDECESSOR, FRED FIELDING, GAVE THE LEGAL
GO-AHEAD AT THE TIME FOR THE PRESIDENTIAL ENDORSEMENT.

"THE WORK THE FIRM DID ON BEHALF OF THE D.C. BASEBALL COMMISSION
WAS STRICTLY ON A VOLUNTARY (AND FREE) BASIS," A SOURCE CLOSE TO DEEVER
SAID. "THE PROJECT WAS UNDERTAKEN SO THE PEOPLE OF THIS FIRM, LIKE
EVERY OTHER CITIZEN IN WASHINGTON, WOULD HAVE AN OPPORTUNITY TO BUY A
TICKET TO A BASEBALL GAME."

DEEVER'S BASEBALL-RELATED ACTIVITIES WERE NOT AMONG THE ETHICAL
QUESTIONS RAISED BY THE FIVE SENATORS IN THEIR CALL FOR APPOINTMENT OF
AN INDEPENDENT COUNSEL. THE APPLICATION OF FEDERAL RESTRICTIONS ON THE
BUSINESS ACTIVITIES OF THOSE WHO LEAVE GOVERNMENT SERVICE APPEAR TO BE
LESS CLEAR IN THE BASEBALL MATTER THAN IN THE OTHER CASES CITED.

WHITE HOUSE SPOKESMAN LARRY SPEAKES ACKNOWLEDGED THAT IN ADDITION
TO URGING COOPERATION WITH THE FBI, WALLISON LATE EARLY ETHICAL STANDARDS

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OPINION

The Debate: POLITICS & JUSTICE

Today's debate includes our opinion that political or partisan considerations must not be allowed to subvert justice in the USA, an opposing view from Virginia, other views from Colorado, Maryland, and Ohio, and voices from across the USA.

Political shadows endanger justice

In recent months — thanks largely to Ronald Reagan's rhetoric — our faith in our government to forcefully prosecute the laws seems strong again.

The decade of the 1970s was a time of disillusionment: many officials, including two attorneys general, responsible for enforcing the laws actually violated them.

Now, public opinion polls tell us that our government has recaptured our confidence. A survey earlier this year reported that more than 70 percent of us generally believe in the integrity of federal institutions.

That is an important development. We need to believe in our government. We need to know that laws will be fairly and faithfully enforced, without fear or political favor.

But recent cases threaten our new-found faith:

■ The Government Accounting Office says that Michael Deaver, former Reagan adviser, may have violated conflict-of-interest laws. The Justice Department is looking at the case, and Deaver has asked for an independent prosecutor to investigate.

■ Federal grand juries are probing whether Teamsters Union President Jackie Presser, a Reagan political supporter, bilked his union's treasury through payments to "ghost" employees. There are reports that the FBI allowed Presser to do that — and that the Justice Department allowed the FBI to kill an earlier investigation.

■ In Louisiana last week, a jury acquitted Gov. Edwin Edwards, a Democrat, after a second expensive federal trial. An earlier jury voted 11-to-1 for Edwards — but couldn't reach a verdict. The governor claims the prosecutions were a political vendetta by a Republican U.S. attorney.

A GAO report does not make Michael Deaver guilty. Three grand jury probes — or 30 — don't convict Jackie Presser of anything. And the charge of a political vendetta by a governor — himself a politician — doesn't make it so.

But these cases serve as stark reminders that the government must draw a sharp, clean line between the administration of justice and the taint of political preference.

Michael Deaver deserves the special prosecutor he requested. Jackie Presser's problems should have been turned over to a special prosecutor, whether he sought one or not. And had a special prosecutor decided whether to try Gov. Edwards, it would have erased doubts about his trials.

Some say that political shadows are cast on our system of justice by the spotlight of media hype. That's absurd.

The dirty oil of politics won't mix with the pure water of justice. Those who blend the two will spoil our renewed faith in the system. The president who has helped rebuild that faith should set a precedent for every future president.

His Justice Department should establish a hard, fast rule: Appoint special prosecutors whenever politics casts shadows on the administration of justice. Those who are investigated deserve it.

And so does the trusting public.

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Canadians to scan Deaver contract

By George Archibald
THE WASHINGTON TIMES

Michael K. Deaver's lobbying contract with the Canadian Embassy has spawned a potential scandal for the government of Prime Minister Brian Mulroney.

A Canadian parliamentary committee began a special inquiry last night into the circumstances surrounding Mr. Deaver's \$105,000-a-year lobbying contract with the Canadian government.

The preliminary inquiry, prompted by members of the opposition Liberal Party, is focusing on the role of Mr. Mulroney's chief policy adviser, Fred Doucet, whose brother operates a multimillion dollar lobbying firm in Ottawa.

The Ottawa firm, Government Consultants Inc., and its president, Gerry Doucet, have been under fire in Canada amid charges that GCI has a disproportionate share of consulting contracts with the Mulroney administration and has sold access to the Conservative government.

Fred Doucet met with Mr. Deaver Feb. 28, 1985 — less than three months before Mr. Deaver left the White House and began formally negotiating his Canadian contract — to discuss a proposal that President Reagan and Mr. Mulroney name special envoys on the controversial acid rain problem.

The idea was being avidly promoted by the Canadians. At the meeting, Mr. Doucet told Mr. Deaver that the United States was fortunate to have a man of his talents on its team "and how much we could use a good man like that."

Last week, in a letter to Democratic Rep. John D. Dingell of Michigan, who started a House probe of the Deaver matter, Canada's Ambassador Allan E. Gottlieb described Mr. Doucet's remark as "light-hearted" and "having no importance whatever."

Mr. Deaver faces several conflict-of-interest investigations regarding his dealings on behalf of Canada before and after he left office. The General Accounting Office has concluded that he may have violated three ethics laws.

Mr. Deaver consistently has denied any wrongdoing.

In an interview with The Washington Post on Monday, Mr. Deaver said he had returned his White House pass, a symbol of his access to the president, that day with a note

thanking Mr. Reagan for the privilege but telling the president he wanted to spare him any "embarrassment."

Mr. Deaver said he stopped receiving the president's daily confidential schedule two weeks ago, after The Washington Times first reported he was getting it.

He said he also no longer plays tennis on the White House courts and denied ever using his long friendship with the president and first lady Nancy Reagan "on behalf of any client."

After his Feb. 28 meeting with Mr. Doucet, Mr. Deaver became a vigorous advocate of the acid rain special envoy idea and overcame opposition to the proposal among other factions of Mr. Reagan's senior staff, according to several administration officials.

Mr. Reagan accepted the plan and envoys were appointed by both leaders at the March 17-18, 1985 U.S.-Canadian summit meeting in Quebec. Mr. Deaver resigned as the president's deputy chief of staff May 10. Mr. Gottlieb has said that he and Mr. Deaver began formal discussions on a Canadian contract six days later.

Yesterday, Liberal members of Parliament denounced the arrangement and suggested that Mr. Deaver's contract was a pay-off.

"It was a clear breach of American law," Liberal Party member Lloyd Axworthy said in a House of Commons exchange with Deputy Prime Minister Erik Nielsen.

Mr. Nielsen disagreed, saying, "I can see nothing wrong with recognizing the process of lobbying."

"I ask the deputy prime minister, are there other dealers — excuse me, are there other Deavers on the Canadian payroll?" Mr. Axworthy asked.

In a telephone interview, George Baker, another Liberal member, said, "It is a common understanding here that they [Mr. Doucet and Mr. Gottlieb] were recruiting Mr. Deaver ... What did Mr. Deaver do, or what has he done for the Canadian government since the contract went into effect last July to deserve a \$105,000 payment?"

Mr. Doucet "does everything for the prime minister — he can order contracts to be signed, he arranges everything the prime minister does

in policy," Mr. Baker said.

"As chief policy adviser to the prime minister, he never makes light-hearted comments, because if you make a light-hearted comment it's an official comment," he said. Mr. Doucet's secretary said he was in South Korea with the prime minister yesterday and could not be reached for comment.

The Deaver matter is the latest in a series of scandals to rock the Mulroney government, which 18 months ago won the largest four-year mandate in Canadian history with 211 of the 248 seats in Parliament.

Four ministers have resigned for official improprieties, personal indiscretions or campaign spending irregularities since the election. Opponents of Mr. Mulroney are seizing on the Deaver affair as a further weapon to topple the Conservative government.

Canadian External Affairs Minister Joe Clark was to be questioned about the Deaver matter last night in Ottawa at a special meeting of the parliamentary Committee on External Affairs and Internal Trade.

Mr. Baker said opposition members would question Mr. Clark about Fred Doucet's role in hiring Mr. Deaver and possible connections between U.S. lobbyists hired by the Canadian Embassy in Washington and Gerry Doucet's lobbying firm, GCI, in Ottawa.

The Liberal members also want Mr. Gottlieb to be summoned before the parliamentary committee. The Canadian ambassador invoked diplomatic immunity in refusing to testify before a U.S. congressional committee investigating the Deaver matter.

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The News in Brief

The Nation

Michael K. Deaver, former White House deputy chief of staff, said he had never used his special 20-year relationship with President Reagan to help clients of his consulting business since he left the White House in 1985. Deaver said he also has sent back his White House pass, no longer receives a copy of Reagan's daily schedule and no longer plays on the White House tennis courts. In an interview with the Washington Post, he also defended his role as a lobbyist for the Canadian government on acid rain after participating in discussions on the issue as a White House official.

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Digging Into Deaver

A wondrous consistency of this variable world is Ronald Reagan's mind when it becomes fixed on an opinion. For example, the President refused for years to accept the notion that industrial pollution had anything to do with acid rain.

But a magical transformation occurred in March when the President embraced a U.S.-Canadian report calling for a \$5 billion investment to reduce acid rain through the cleanup of electric power plant emissions.

Now, it seems, the shift may not have been magic, but the possible result of skillful maneuvering by Michael K. Deaver, the President's former deputy chief of staff.

The day Deaver left the White House last May he became one of Washington's most prominent lobbyists. At the rate of \$105,000 a year, one of his clients was the government of Canada, frustrated by Reagan's refusal to join the fight against acid rain.

Deaver claims to know nothing about acid rain. That is difficult to accept when a General Accounting Office official says Deaver participated in at least 15 meetings on acid rain leading up to Reagan's March summit with Canadian Prime Minister Brian Mulroney. His interest in the subject followed him to the Canadian payroll, including attendance at a breakfast involving U.S.

and Canadian discussions of the proposed report. The GAO says Deaver's activities on both sides of the fence appear to have violated at least three federal conflict-of-interest laws. Hinchman joined others, including Deaver, in calling for a complete, formal investigation.

Why Deaver's keenness on acid rain? A Deaver supporter says he was merely working to protect Reagan and to guarantee an amicable summit with Canada. That's possible. The GAO found no support for rumors that Deaver might have discussed a lobbying contract with Canada while still in the White House. But rumors will persist.

Deaver's work for Canada so soon after leaving the White House raises precisely the sorts of questions the ethics law was designed to prevent. Deaver insists he does not trade, as a lobbyist, on inside information gained while in the White House. Rather, his expertise is in how to "strategize" for people who want things done in Washington. That's another word for greasing the skids. And the law was designed to prevent that, too, in cases like Deaver's.

The Justice Department should refer the matter to the courts with dispatch so that a special counsel may be appointed to determine if, as the President suggests with a wave of the hand, that the whole affair is "ridiculous."

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DEAVER

WASHINGTON (AP) -- WHITE HOUSE AIDES HAVE BEEN URGED TO COOPERATE WITH A PRELIMINARY INQUIRY BY THE FEDERAL BUREAU OF INVESTIGATION INTO THE ACTIVITIES OF LOBBYIST AND FORMER REAGAN AIDE MICHAEL K. DEAVER, OFFICIALS SAID TODAY.

THE OFFICIALS, SPEAKING ON CONDITION THEY NOT BE IDENTIFIED, SAID THE ADVICE WAS CONTAINED IN A MEMO SENT TO WHITE HOUSE AIDES THIS WEEK BY PETER J. WALLISON, WHITE HOUSE COUNSEL.

THE WASHINGTON POST QUOTED SOME OFFICIALS AS SAYING THEY HAVE BEEN ASKED TO SEND MATERIAL TO WALLISON AND TOLD THAT THE FBI MAY LATER CONDUCT INTERVIEWS.

WHITE HOUSE SPOKESMAN LARRY SPEAKES SAID HE DID NOT WANT TO COMMENT ON AN INTERNAL WHITE HOUSE DOCUMENT BUT TOLD REPORTERS HE WOULD NOT STEER THEM AWAY FROM THE REPORT.

DEPUTY WHITE HOUSE PRESS SECRETARY ALBERT BRASHEAR SAID WALLISON HAS ADVISED AIDES TO BE CAREFUL ABOUT OBSERVANCE OF WHITE HOUSE CONFLICT-OF-INTEREST GUIDELINES.

THE PRELIMINARY FBI INQUIRY IS THE FIRST STEP IN A JUSTICE DEPARTMENT EFFORT TO DETERMINE WHETHER TO APPOINT AN INDEPENDENT COUNSEL TO INVESTIGATE WHETHER DEAVER VIOLATED CONFLICT-OF-INTEREST LAWS.

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Deaver's Role in Effort For D.C. Baseball Studied

Reagan Letter Endorses Return of Team

By David Hoffman
Washington Post Staff Writer

A preliminary inquiry by the Federal Bureau of Investigation into the activities of former White House deputy chief of staff Michael K. Deaver will include Deaver's role in obtaining a letter from President Reagan endorsing the return of major league baseball to Washington, government sources said yesterday.

Deaver has said he volunteered the free services of his firm, Michael K. Deaver & Associates, to help the D.C. Baseball Commission make a presentation to the major league baseball owners late last year about bringing a team back to Washington. As part of the presentation, the Deaver firm prepared a pamphlet that included a letter from the president endorsing the idea of locating a team here.

The preliminary FBI investigation is the first step in the Justice Department effort to determine whether to appoint an independent counsel to probe allegations that Deaver violated federal conflict-of-interest laws. Deaver himself and five Democratic senators have asked for the appointment of the independent counsel.

In the letter seeking such a probe, the five senators cited questions about Deaver's lobbying activities on the acid-rain issue, on the B1 bomber, on a Puerto Rico tax issue and on behalf of South Korean interests. The baseball issue was not among those mentioned by the senators.

However, White House counsel Peter J. Wallison told presidential aides in a memo this week that the FBI was also looking into the circumstances surrounding the baseball letter. Wallison urged all Reagan's aides to cooperate with the FBI investigation. Other officials said they have been asked to send material on any of the five topics to Wallison and that the FBI may later conduct interviews.

It could not be learned why the FBI has added the baseball letter to the subjects being investigated. New York Times columnist William

Safire recently questioned whether Deaver was seeking to generate business from the baseball franchise later by providing free services on the issue.

How the ethics laws apply to the letter situation is also unclear. The law includes restrictions on the contacts that an ex-official such as Deaver may have with his former office, although these limits apply to contacts in behalf of a "particular government matter" in which the office has a "direct or substantial interest."

A source familiar with the activities of the Deaver firm said former White House counsel Fred F. Fielding had given prior approval to sending the baseball letter.

Deaver said in an interview earlier this year that he donated about \$20,000 worth of in-kind services by his firm to the baseball effort. He could not be reached for comment yesterday.

The source familiar with the firm's activities said the baseball commission approached Deaver last October seeking help with a presentation to major league owners on why Washington would be a favorable location.

"Deaver said it was not a project the firm could take on" but volunteered the firm's services, the source said. Deaver's employees then created a "marketing booklet" on Washington as a potential location for a baseball franchise, the source said.

The booklet included Reagan's letter, addressed to the owners, the source said. Deaver's firm never had a contract with the commission and never received payment for expenses, the source added.

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The source also said, "Any suggestion that the work was done with regard to future work is totally without foundation." Deaver did not personally obtain the letter from Reagan, but someone in his firm did, the source said.

The letter was a revised version of one Reagan sent in September 1984. The booklets and a script for the presentation were then turned over to D.C. Baseball Commission members, who actually made the pitch in New York, the source said.

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Canadian Minister Defends Decision To Hire Deaver

Washington Post Foreign Service

OTTAWA, May 14—External Affairs Minister Joe Clark today testily defended Canada's decision to hire former White House deputy chief of staff Michael K. Deaver as a lobbyist, saying the \$105,000 contract did not violate either U.S. or Canadian law.

In a series of acrimonious exchanges in the House of Commons and later in a parliamentary committee, Clark sharply rebuked opposition Liberal member of Parliament Lloyd Axworthy for suggesting that Canadian officials may knowingly have violated U.S. law when they contracted with Deaver.

Clark called these suggestions "unworthy of a member of this House of Commons" and "fantasies."

Axworthy, responding in kind, said, "You might find it might turn into a nightmare."

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Deaver rebuts report, hands in his pass

Washington

Michael Deaver, the former White House aide whose lobbying business is under investigation, voluntarily turned in his White House pass and two weeks ago asked that he no longer be sent a copy of President Reagan's daily, confidential schedule, Reagan administration officials said yesterday.

Mr. Deaver criticized reports by the General Accounting Office, Congress's investigative arm, that he may have violated federal conflict-of-interest laws by working for the Canadian government on acid rain.

"What the GAO knows about my influence in the White House is speculation," he said.

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DEAVER

BY TIMOTHY BANNON

WASHINGTON (UPI) -- FORMER WHITE HOUSE AIDE MICHAEL DEAVER, UNDER FIRE FOR HIS LOBBYING FOR FOREIGN GOVERNMENTS, HAS RETURNED HIS WHITE HOUSE PASS, NO LONGER RECEIVES COPIES OF PRESIDENT REAGAN'S SCHEDULE AND HAS STOPPED USING THE WHITE HOUSE TENNIS COURT, HIS SPOKESWOMAN SAID WEDNESDAY.

DEAVER, REAGAN'S CLOSE FRIEND AND FORMER DEPUTY CHIEF OF STAFF, RETURNED THE PASS THIS WEEK AND TOLD WHITE HOUSE OFFICIALS TWO WEEKS AGO TO QUIT SENDING HIM REAGAN'S DAILY SCHEDULE, SAID PAMELA BAILEY, DEAVER'S SPOKESWOMAN.

DEAVER TOLD THE WASHINGTON POST HE NO LONGER PLAYS TENNIS AT THE EXCLUSIVE WHITE HOUSE COURT AND DENIED HE HAS USED HIS CLOSE RELATIONSHIP WITH THE PRESIDENT AND MRS. REAGAN "ON BEHALF OF ANY CLIENT."

DEAVER'S MOVES TO SEVER HIS WHITE HOUSE PRIVILEGES AND GRANT AN EXTENSIVE INTERVIEW TO THE POST CAME TWO DAYS BEFORE HE APPEARS BEFORE THE HOUSE ENERGY AND COMMERCE SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS IN A CLOSED SESSION FRIDAY.

THE PANEL, EXPECTED TO INTERVIEW DEAVER AT LENGTH ON HIS LOBBYING ON ACID RAIN FOR CANADA, IS PROBING WHETHER HE VIOLATED FEDERAL ETHICS LAW BY REPRESENTING PRIVATE CLIENTS ON ISSUES IN WHICH HE PARTICIPATED AT THE WHITE HOUSE.

THE GENERAL ACCOUNTING OFFICE, CONGRESS'S INVESTIGATIVE ARM, IN A REPORT MONDAY ON DEAVER'S ACID RAIN LOBBYING, CITED FOUR POSSIBLE ETHICS VIOLATIONS AND REFERRED ITS FINDINGS TO THE JUSTICE DEPARTMENT.

"THERE'S NO SUGGESTION IN THE (GAO) REPORT THAT I PARTICIPATED PERSONALLY OR SUBSTANTIALLY IN ... THE ACID RAIN ISSUE ITSELF," DEAVER TOLD THE POST.

THE PHRASE "PERSONAL AND SUBSTANTIAL" FRAMES THE LEGAL ELEMENTS OF THE PROMPTED GOVERNMENT CONTACTS BY FORMER SENIOR OFFICIALS. THE INVESTIGATIVE PANEL ALSO WILL ASK DEAVER ABOUT HIS \$200,000 INTERMEDIARY CARIBBEAN SUGAR GROWERS AND HIS ROLE IN REAGAN'S APPROVAL OF QUOTAS THAT BENEFITED HIS CLIENTS -- AND ULTIMATELY COST U.S. TAXPAYERS \$36 MILLION, SOURCES SAY. DEAVER HAS DECLINED COMMENT ON THE SUGAR ISSUE.

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OTTAWA (AP) -- A FEDERAL LEGISLATOR SAYS THE CANADIAN GOVERNMENT HAVE KNOWINGLY BROKEN A U.S. CONFLICT-OF-INTEREST LAW WHEN IT KICKED FORMER WHITE HOUSE AIDE MICHAEL DEEVER TO PRESS OTTAWA'S CASE ON ACID RAIN.

"THE IMMEDIATE ISSUE IS WHETHER (PRIME MINISTER BRIAN) MULRONEY OR (EXTERNAL AFFAIRS MINISTER JOE) CLARK ... MANDATED OUR OFFICIALS TO MAKE AN OFFER TO MR. DEEVER WITH THE KNOWLEDGE OF THE FACT THAT THEY MIGHT BE IN DANGER OF BREAKING AMERICAN LAW," LLOYD AXWORTHY, A LIBERAL MEMBER OF PARLIAMENT, TOLD REPORTERS ON TUESDAY.

"WE HAVE VERY SOPHISTICATED, KNOWLEDGEABLE (DIPLOMATIC) PEOPLE WORKING THE WASHINGTON BEAT (WHO SHOULD) KNOW THAT THE KIND OF APPROACHES THAT WERE MADE TO MR. DEEVER ... WERE RUNNING THE RISK OF BEING A VIOLATION," HE SAID.

A CLARK SPOKESMAN, SEAN BRADY, DENIED THAT ANY CANADIAN OFFICIAL KNOWINGLY BROKE U.S. LAW.

"CERTAINLY NO ONE KNOWINGLY MANDATED ANYBODY TO BREAK AMERICAN LAW," BRADY SAID.

AND HE CONTENDED: "THE ONUS WOULD BE ON THE INDIVIDUAL ... NOT ON THE PERSON TAKING ON HIS SERVICES ... TO MAKE SURE HE OR SHE IS CLEAR TO DO IT."

THE GENERAL ACCOUNTING OFFICE, THE U.S. CONGRESS' INVESTIGATIVE ARM, SAID DEEVER MAY HAVE VIOLATED CONFLICT-OF-INTEREST LAWS BY WORKING FOR THE CANADIAN GOVERNMENT AFTER HE LEFT HIS WHITE HOUSE JOB ON MAY 14, 1985.

CLARK APPROVED THE \$105,000 LOBBYING CONTRACT WITH DEEVER IN JULY 1985.

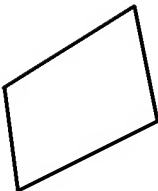
AXWORTHY SAID HE WOULD QUESTION CLARK ON THE HIRING OF DEEVER AND THE ISSUE OF OTTAWA'S USE OF FOREIGN LOBBYISTS WHEN THE MINISTER APPEARS BEFORE THE HOUSE OF COMMONS EXTERNAL AFFAIRS COMMITTEE.

U.S. LAW BARS GOVERNMENT OFFICIALS FROM TRYING TO INFLUENCE THEIR FORMER EMPLOYER FOR A YEAR AFTER THEY QUIT AND BARS THEM FROM REPRESENTING ANYONE ON AN ISSUE THEY WERE INVOLVED WITH IN THEIR FINAL YEAR IN GOVERNMENT.

DEEVER HAD WORKED ON THE ACID RAIN ISSUE WHILE A PRESIDENTIAL ADVISOR. CANADIAN OFFICIALS HAVE WANTED THE UNITED STATES TO REDUCE INDUSTRIAL EMISSIONS, WHICH ARE BELIEVED TO CAUSE ACID RAIN THAT IS KILLING AQUATIC LIFE IN PARTS OF CANADA AND THE U.S. NORTHEAST.

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DENVER

WASHINGTON (AP) -- MICHAEL K. DEEVER, THE FORMER WHITE HOUSE AIDE WHOSE LOBBYING BUSINESS IS UNDER INVESTIGATION, VOLUNTARILY TURNED IN HIS WHITE HOUSE PASS AND HAS RELINQUISHED OTHER PERKS, REAGAN ADMINISTRATION OFFICIALS SAID TODAY.

"THESE THINGS WERE DONE AT HIS INITIATIVE," SAID A SENIOR ADMINISTRATION OFFICIAL, SPEAKING ON CONDITION HE REMAIN ANONYMOUS.

THE WHITE HOUSE CONFIRMED THAT DEEVER HAD GIVEN UP HIS INSIDER PERK AFTER DEEVER TOLD THE WASHINGTON POST OF HIS ACTIONS.

"I'VE NEVER USED MY RELATIONSHIP WITH THE REAGANS IN THE WHITE HOUSE ON BEHALF OF ANY CLIENT SINCE I'VE LEFT, AND THAT'S ONE OF THE REASONS WHY YESTERDAY I RETURNED MY WHITE HOUSE PASS," DEEVER SAID IN THE INTERVIEW PUBLISHED IN TODAY'S EDITIONS.

THE PASS WAS SENT TO THE WHITE HOUSE BY MESSENGER, ACCORDING TO PAMELA BAILEY, WHO WORKS WITH MICHAEL K. DEEVER AND ASSOCIATES, THE LOBBYING WITH A RANGE OF FOREIGN AND DOMESTIC CLIENTS.

DEEVER ALSO SAID HE TOLD WHITE HOUSE OFFICIALS TWO WEEKS AGO TO STOP SENDING HIM A COPY OF PRESIDENT REAGAN'S CONFIDENTIAL, DAILY SCHEDULE AND HE NO LONGER USES THE WHITE HOUSE TENNIS COURT.

DEEVER CRITICIZED THE GENERAL ACCOUNTING OFFICE REPORT THAT SAID HE MAY HAVE VIOLATED FEDERAL CONFLICT OF INTEREST LAWS BY WORKING FOR A CANADIAN GOVERNMENT ON ACID RAIN..

"WHAT THE AGO KNOWS ABOUT MY INFLUENCE IN THE WHITE HOUSE IS SPECULATION," HE SAID. "IN ANY EVENT, I DIDN'T USE MY INFLUENCE AS THE PRESIDENT OR THE WHITE HOUSE AT ANY TIME."

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INVESTIGATORS SAY IT APPEARS DEEVER VIOLATED THE LAW

Congressional Agency Sends
Justice Dept. Its Findings
on Lobbying Conflicts

By MARTIN TOLCHIN

Special to The New York Times

WASHINGTON, May 12 — The General Accounting Office told Congress today that Michael K. Deaver "appears" to have violated conflict-of-interest laws. The agency sent its findings to the Justice Department for use in considering whether the lobbyist should be prosecuted.

The G.A.O., an investigative arm of Congress, conducted a five-month study of Mr. Deaver's role, during and after his service as White House deputy chief of staff, in moving the Reagan Administration toward an agreement on acid rain with Canada.

Mr. Deaver, an intimate of President Reagan and his wife, Nancy, left the White House a year ago to form a lobbying business that represents several foreign governments, including Canada's. Congressional investigators and the Justice Department are seeking to determine whether Mr. Deaver violated laws that restrict the lobbying activities of former public officials.

Four Laws at Issue

"We have concluded only that there is enough basis for believing the post-employment laws may have been violated to warrant referring the matter to the Department of Justice," James F. Hinchman, the G.A.O.'s deputy general counsel, testified before the investigations subcommittee of the House Energy and Commerce Committee, which requested the inquiry.

Mr. Deaver said in a statement that the report "fails to demonstrate that I have violated any Federal laws," and he charged that it "was based principally on the recollections of three individuals, including David Stockman, and merely repeats various allegations and rumors that have been circulating in the press for weeks."

Fielding Role Questioned

The lobbyist noted that the report was "prepared and presented publicly without interviewing me or any of my associates." Mr. Hinchman told the committee that Mr. Deaver had not been interviewed because the G.A.O. did not want to adversely affect his legal rights.

Investigations subcommittee is also considering expanding its inquiry to examine whether Fred F. Fielding, when he was the White House counsel, played a role in the Deaver investigation at the same time he was discussing possible employment in Mr. Deaver's lobbying business.

Mr. Fielding, who is now in private practice, said in an interview that despite meetings with Mr. Deaver and his associates, "there was never a serious discussion between Mr. Deaver and me about job possibilities."

The accounting office, in a 20-page document, said it appeared Mr. Deaver had violated these laws in connection with the Canadian matter:

¶ A lifetime restriction on representing anyone before the Government on matters in which the former employee had been "personally and substantially" involved.

¶ A two-year restriction on representing anyone in connection with a matter that was "actually pending under a former employee's official responsibility" within one year before the employee left that job.

¶ A two-year restriction on a former senior official's personal presence before the Federal Government on a matter in which he had been "personally and substantially involved."

In addition, the Congressional agency said he may have violated a one-year restriction on a senior official's representation of anyone on any matter pending before his former agency, or in which his former agency has a direct and substantial interest.

Deaver Testimony Friday

In his statement, Mr. Deaver said he welcomed the opportunity to testify before the committee on Friday, when "I am able to tell my side of the story for the first time." The session will be closed to the public.

The concerns about Mr. Fielding's actions came up under questioning by Representative Gerry Sikorski, a Minnesota Democrat.

The G.A.O. officials said that this year, after questions had been raised about Mr. Deaver, Mr. Fielding had meetings about possible employment in the Deaver firm on Feb. 27 and March 7. Mr. Fielding removed himself from the Deaver case March 10 and left the Government March 31.

But on Feb. 28, the day after the first meeting, Mr. Fielding responded to an inquiry on the Deaver matter from the Office of Government Ethics.

An issue in the investigation is whether Mr. Deaver, in meeting with Drew Lewis, the American special envoy on acid rain, just five months after he left office, was representing Canada on a matter in which his former agency — in this case, the White House — was directly interested.

David Martin, the director of the ethics office, asked Mr. Fielding whether Mr. Lewis, as special envoy, was part of the White House staff. The counsel responded that "he had no administrative support from the White House office."

In fact, Mr. Hinchman told the committee, "Mr. Lewis had an office within the White House complex, and his reporting relationships were with the White House."

Mr. Sikorski indicated that Mr. Fielding may have violated conflict-of-interest laws by acting in the investigation while negotiating employment with Mr. Deaver's concern.

Repeating Staff's Findings

Mr. Fielding denied, however, that there were any serious negotiations with the Deaver company. And he said that his Feb. 28 memo "was merely a reiteration of my staff's preliminary findings of Jan. 21."

On the issue of Mr. Deaver's involvement in the selection of a special envoy, the G.A.O. said: "Mr. Deaver's participation in the determination to appoint the special envoy appears to have been personal, and there is precedent for regarding his input as 'substantial participation.'"

Mr. Hinchman said that Mr. Deaver had participated in White House discussions on acid rain, and had supported Canada's request for a special American envoy to move toward an agreement on the problem. Special envoys were appointed by the two countries and later recommended a five-year program to control industrial emissions.

On the issue of Mr. Deaver's representing Canada at a meeting with the special envoy after leaving the White House, the report said: "Mr. Deaver's participation in a meeting with the U.S. special envoy appears to have been a representation of the type covered" by the conflict-of-interest law.

Mr. Hinchman told the committee that the G.A.O. had found "no evidence" to support the statement by Mr. Stockman, the former budget director, that "there were rumors that Mr. Deaver was discussing post-government employment while still in the White House."

Today, the Canadian Government identified Fred Doucet as the official who was earlier reported to have told Mr. Deaver, then a White House official, that Canada could use a man of his talents. Mr. Doucet is on the staff of Prime Minister Brian Mulroney.

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Deaver's Acid-Rain Meetings

Evidence Suggests Ethics Violations, GAO Says

By Howard Kurtz
Washington Post Staff Writer

While working in the White House, Michael K. Deaver was involved in at least 15 discussions with U.S. and Canadian officials on acid rain, the same issue on which he has since represented Canada as a private lobbyist, federal officials testified yesterday.

James F. Hinchman, deputy general counsel of the General Accounting Office, told a House subcommittee that the evidence suggests several ways in which Deaver may have violated federal conflict-of-interest laws by participating in these meetings and then lobbying for the Canadian government on the acid-rain issue. He said the GAO has referred its findings to the Justice Department, which has opened an investigation of Deaver.

For example, Hinchman said, Deaver actively supported a successful proposal within the Reagan administration that the United States and Canada appoint special envoys to deal with the acid-rain problem. "Mr. Deaver's participation in this particular matter appears to have been significant and thus substantial," Hinchman said, a level that would have subjected Deaver to a lifetime legal ban on representing Canada on the issue.

He said Deaver also may have violated ethics laws by "his very presence" at a meeting on acid rain last October with the U.S. special envoy, Drew Lewis, at which Deaver was representing Canada. The GAO found that Lewis should have been considered a White House official, Hinchman said, and Deaver was legally barred for one year from officially contacting anyone in the White House.

Yesterday's hearing before the House Energy and Commerce subcommittee on oversight and investigations also raised questions for the first time about whether then-White House counsel Fred F. Fielding should have disqualified himself from the Deaver probe sooner than he did because he had discussed a possible job with Deaver's multimillion-dollar consulting firm. In a subsequent interview, Fielding called this "a misunderstanding of the facts and the law."

Deaver, who was White House deputy chief of staff until last May, said in a statement yesterday that the GAO testimony "fails to demonstrate that I have violated any federal laws." He said the testimony "repeats various allegations and rumors that have been circulating in the press for weeks" and that when the investigations are over, "I will be completely exonerated of any wrongdoing."

Deaver said he looks forward to testifying in closed session Friday before the oversight subcommittee, chaired by Rep. John D. Dingell (D-

Mich.), which he said will enable him "to tell my side of the story for the first time."

Deaver said the GAO had not interviewed him and that its findings were based mainly "on the recollections of three individuals, including David Stockman," the former budget director. Hinchman said the GAO did not question Deaver to avoid interfering with the Justice Department probe.

The GAO probe was limited to issues involving Deaver's \$105,000-a-year contract with Canada, but the FBI is examining other issues in its preliminary investigation of Deaver. The Justice inquiry could lead to appointment of an independent counsel, as Deaver and five Democratic senators have requested, but the department must first gather its own evidence and present a report to a special three-judge panel.

While most of the hearing dealt with interpretations of conflict-of-interest laws, some lawmakers criticized Deaver's conduct as unseemly. Rep. John W. Bryant (D-Tex.) said there is "no excuse and no justification for one of the closest advisers to the president of the United States going to work for a foreign government for money."

The hearing also shed light on some of Deaver's accusers. Hinchman said that Stockman, who criticized Deaver in his recent book, had told the GAO of "rumors" that Deaver had discussed possible employment with Canadian officials before leaving the White House on May 10, 1985. "We have absolutely no evidence to substantiate those rumors," Hinchman said.

Under federal law, Deaver is permanently barred from contacting the executive branch on any "particular matter" in which he "personally and substantially" participated while working in the White House. Hinchman said the controversial process by which the Reagan administration decided to name a special envoy on acid rain should be viewed as a "particular matter," and

that the evidence shows substantial involvement by Deaver.

Discussions of acid rain, a form of pollution caused in part by U.S. industrial emissions, intensified as the United States prepared for the March 1985 summit between President Reagan and Canadian Prime Minister Brian Mulroney. The appointment of special envoys was announced at the summit, and their subsequent recommendation for a five-year, \$5 billion cleanup plan was endorsed by the Reagan administration.

Deaver told the GAO through his attorney that he attended a Dec. 11, 1984, White House meeting with Allan E. Gottlieb, the Canadian ambassador to Washington, at which acid rain may have been discussed. Deaver also discussed the special envoy proposal in a Feb. 28, 1985, meeting with Fred Doucet, a senior adviser to Mulroney. Deaver and Doucet met on several other occasions to plan for the summit, the GAO said.

(The Canadian government acknowledged yesterday that Doucet was the official who made what it called "a light-hearted conversational remark" during this period to Deaver about how much Canada would use a good man like Deaver. Canada's foreign minister made the acknowledgement in a House of Commons debate, Herbert H. Denton of The Washington Post Foreign Service reported from Ottawa.

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The Canadian government revealed over the weekend that such a conversation occurred, but did not initially specify what Canadian official was involved.]

On March 2, 1985, and again four days later, Deaver met with administration officials who were debating the special envoy proposal. The proposal was also regularly discussed at 8 a.m. White House senior staff meetings during this period, the GAO said.

One faction, led by Stockman's Office of Management and Budget, argued that the naming of special envoys would imply too strong a U.S. commitment; the other, led by the State Department, said it would be worthwhile. Deaver sided with proponents by "endorsing or actively supporting the special envoy approach," Hinchman said.

Deaver also confirmed through his attorney that he had discussed two possible candidates for the special envoy's post with Robert C. McFarlane, then White House national security affairs adviser. They were Lewis, former transportation secretary, and William P. Clark, former interior secretary.

On March 12, 1985, Deaver met again, this time privately, with Ambassador Gotlieb. The GAO said Deaver recalled that they "may" have discussed acid rain and the special envoy proposal.

Seven months after the summit, Deaver, then a private lobbyist, met with Lewis, then the special envoy, on acid rain. The Oct. 25, 1985, meeting at the River Club in New York was also attended by Gotlieb and Canada's special envoy, former Ontario premier William Davis.

The two sides discussed differences over the timing and content of the envoys' report, such as whether it should include a specific financial commitment by the United States, Hinchman said. He said Deaver did not participate in the substantive discussions, but did support an early release of the report.

Regardless of the extent of Deaver's comments, Hinchman said, "his very presence at that meeting appears to constitute assistance" in representing Canada and may violate the law "intended to prevent a former senior employee from making unfair use of his prior governmental position."

By meeting with Lewis, Hinchman said, Deaver also may have violated the one-year legal ban on contacts with his former employer, in this case the White House and White House Office of Policy Development. Although the official job description of the special envoy's post said it was part of the State Department, Hinchman said, Lewis' title was "special envoy of the president," he received an appointment letter from presidential assistant McFarlane, and was given a White House pass and an office across the street in the Old Executive Office Building.

In addition, Hinchman said, Lewis reported to White House officials, received technical support from the White House policy development office and had some of his expenses paid by the White House.

Lewis' status was described differently in a Feb. 28 memo by then-White House counsel Fielding to the Office of Government Ethics, which was investigating Deaver.

Fielding said that Lewis "had no administrative support from the White House Office," which the GAO said was inaccurate.

Rep. Gerry E. Sikorski (D-Minn.) sharply criticized Fielding for signing the memo a day after William Sittman, vice president of Michael K. Deaver & Associates, asked Fielding over lunch to consider joining Deaver's firm. Sikorski said Fielding's finding on Lewis' status was "beneficial to Mr. Deaver" and that there was "a prima facie case" that Fielding had himself violated the ethics laws.

Fielding said yesterday that "I never seriously considered going to work for Mike Deaver. There was no job offer made on Feb. 27 or at any time." He said he disqualified himself from the Deaver probe "out of an abundance of caution" in early March, after setting up a meeting with Deaver to discuss the job feeler.

Fielding, who has joined a Washington law firm, said that his staff had looked into Lewis' status and that his Feb. 28 letter merely repeated findings from an earlier memo.

NEWS IN BRIEF**GAO says that Deaver
may have broken laws****Washington**

Lobbyist Michael Deaver may have violated federal conflict-of-interest laws because he handled US-Canadian issues as a top White House official and then signed a private contract with Canada, the General Accounting Office said yesterday.

James Hinchman, the GAO's deputy general counsel, said that findings and relevant documents had been referred to the Department of Justice.

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Needing His Own Deaver

For a man who spent his life figuring out how things will look, Michael K. Deaver seems to have been a little careless about appearances as he was preparing to leave the White House in pursuit of the happiness that comes with making a mint in Washington.

Nobody was more adept at calculating the angle of light on a Normandy cemetery at a D-Day anniversary ceremony or readier to risk a break with the French over moving up the time for the evening news shows. He built a network of stiles and stairways in the Irish village of Ballyporeen to make sure President Reagan saw only approved step-dancers. At "spin-control" on presidential misstatements, he had no equals.

But in the matters of angles and spins on his own activities, he was less meticulous and he has collided with a Capitol Hill entity, known to his colleagues for his size, force and drive, as "The Truck." That is Rep. John D. Dingell (D-Mich.), chairman of the Energy and Commerce Committee, and scourge of greedy defense contractors, environmental outlaws and other people he suspects of conflict of interest in conducting the nation's business.

Just a short month ago, Deaver was on the cover of Time, tooling around town in his chauffeur-driven Jaguar, collecting mammoth fees for his public relations firm and planning to sell out to a pair of English brothers who seemed willing to pay \$18 million for his business. Now congressional investigators are on his trail, and he has had to call for an independent counsel.

Acid rain is falling on his head.

The English deal may be called off. Deaver has hired Herbert J. Miller, a wily veteran who once defended Richard Nixon. Foreign governments, it is said, have been frightened off signing contracts with a lobbyist who might be radioactive.

Deaver attracted Dingell's attention last Halloween through a Washington Post story by Tom Edsall, who wrote a wrap-up of former White House operatives who are becoming millionaires by exploiting their White House experience and access.

Dingell, whose home state is considered a source of much acid rain pollution, thinks Canada should cry less and clean up more. He was intrigued to read in Edsall's story about the part Deaver had in reversing Reagan's stand on acid rain. The president, after years

of ignoring the problem, miraculously went along with a recommendation to spend \$5 billion in a major assault.

Two months after he left the White House, Deaver signed a contract with the Canadians for \$105,000. He represented Canada in a meeting last October in New York's River Club with special acid rain envoys from the U.S. and Canada although federal law restricts former government officials from directly lobbying their offices for a year, or in some cases longer.

On Dec. 10, Dingell wrote to the General Accounting Office, asking for an investigation of Deaver's role in selecting a special envoy on acid rain while he was in the White House.

Yesterday, two witnesses from the GAO appeared before Dingell's committee to present their report: Deputy General Counsel James F. Hinchman assisted by Jennie B. Stathis. They were impeccable, totally versed in the subject, letter-perfect on facts, dates, sources. David Stockman, the nightingale of the White House, had been particularly helpful about Deaver's participation in some 15 meetings on acid rain and special envoys.

Deaver's defense is that he didn't do substance in the White House. It is plausible. He thought in pictures. When planning the Canadian summit for St. Patrick's Day 1985, he may well have had in mind the photo opportunities marred if the conservative Prime Minister Brian Mulroney were sulking over further U.S. stalling on acid rain.

But the special envoy idea went down well and many jolly pictures of Celtic unity resulted. Chalk up another summit triumph for Reagan. Notch up another scale in Deaver's value for prospective public-relations clients.

Deaver never showed any interest in environmental affairs or foreign affairs as such. He operated strictly on the basis of what was good for Ronald Reagan. It so happens that the decision on acid rain was good also for the country. It is too bad, some people think, that Deaver is being hauled in for perhaps the best thing he ever did in the service of Reagan.

Deaver goes before Dingell behind closed doors on Friday. The Canadian ambassador Allan Gotlieb volunteered to the committee in a letter that when Deaver announced he was leaving the White House, a Canadian official remarked "in a lighthearted and jesting" way that Canada "could use a good man like that." Deaver could use a Deaver right now, too.

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Deaver is facing the acid (rain) test

By HARRISON RAINIE

News Washington Bureau

WASHINGTON

Michael Deaver, once President Reagan's closest aide, may have violated federal ethics laws when he worked both sides of the street on the acid rain issue—first in the White House, then immediately after as a highly paid lobbyist for Canada—congressional investigators

said yesterday.

"We believe (that) the information... warrants referring this matter to the Department of Justice for further investigation," James Hinchman, deputy general counsel to the Government Accounting Office, told a congressional subcommittee. The GAO is the investigative arm of Congress.

The FBI already has launched a preliminary

probe to determine whether an independent counsel needs to investigate the apparent conflict.

Deaver responds

After the subcommittee hearing, Deaver said in a statement that the GAO report "was prepared and presented publicly without interviewing me or any of my associates" and "fails to demonstrate that I have violated any federal laws."

Deaver said he looks "forward to responding in detail" when he testifies before the House commerce oversight and investigations subcommittee in a closed session Friday.

The heart of the GAO analysis is that Deaver, while in the White House, played a major role in creating the office of special envoy to deal with the acid rain issue and, after leaving the White House, lobbied the special envoy—Drew Lewis—on behalf of Canada, which was paying Deaver \$105,000.

Canada has been hard hit by the effects of acid rain and has pleaded with the United States to clean up smokestack emissions. After initial skepticism, Reagan agreed last spring to a \$5 billion, five-year U.S.-Canada cleanup program.

Hinchman told the House subcommittee that Deaver, while working at the White House, was involved in at least 15 meetings at which the acid rain dispute with Canada was discussed, and that he attended at least one crucial meeting with Lewis after leaving the White House.

The GAO concluded that by working for two masters on acid rain, Deaver might have broken the provisions of federal ethics laws that prohibit high officials from cashing in on their government work.

At the White House, spokesman Larry Speakes said there would be no comment until the Justice Department decides whether to appoint a special prosecutor.

Stockman's input

One of the new twists to emerge from yesterday's hearing is that Deaver's one-time nemesis—former Budget Director David Stockman—was the person who provided GAO probers with the most damaging information about Deaver.

Stockman and former national security adviser Robert McFarlane said that Deaver worked intimately on the acid rain issue in the White House.

Some White House officials, including Stockman, disagreed on the appointment of a special envoy because they believed it automatically would commit the United States to fund an acid rain cleanup program.

Stockman also passed along the "rumor" that Deaver negotiated his consulting contract with Canada while he still was on the White House payroll—a move that would have been a criminal violation. The GAO said it could not confirm that report.

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Deaver's Acid-Rain Meetings

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BY JAMES K. W. ATTERTON — THE WASHINGTON POST
GAO's Jennie Stathis and James F. Hinchman at House subcommittee hearing yesterday on Deaver.

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Deaver's Acid-Rain Meetings

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(Mich.), which he said will enable him "to tell my side of the story for the first time."

Deaver said the GAO had not interviewed him and that its findings were based mainly "on the recollections of three individuals, including David Stockman," the former budget director. Hinchman said the GAO did not question Deaver to avoid interfering with the Justice Department probe.

The GAO probe was limited to issues involving Deaver's \$105,000-a-year contract with Canada, but the FBI is examining other issues in its preliminary investigation of Deaver. The Justice inquiry could lead to appointment of an independent counsel, as Deaver and five Democratic senators have requested, but the department must first gather its own evidence and present a report to a special three-judge panel.

While most of the hearing dealt with interpretations of conflict-of-interest laws, some lawmakers criticized Deaver's conduct as unseemly. Rep. John W. Bryant (D-Tex.) said there is "no excuse and no justification for one of the closest advisers to the president of the United States going to work for a foreign government for money."

The hearing also shed light on some of Deaver's accusers. Hinchman said that Stockman, who criticized Deaver in his recent book, had told the GAO of "rumors" that Deaver had discussed possible employment with Canadian officials before leaving the White House on May 10, 1985. "We have absolutely no evidence to substantiate those rumors," Hinchman said.

Under federal law, Deaver is permanently barred from contacting the executive branch on any "particular matter" in which he "personally and substantially" participated while working in the White House. Hinchman said the controversial process by which the Reagan administration decided to name a special envoy on acid rain should be viewed as a "particular matter," and that the evidence shows substantial involvement by Deaver.

Discussions of acid rain, a form of pollution caused in part by U.S. industrial emissions, intensified as the United States prepared for the March 1985 summit between President Reagan and Canadian Prime Minister Brian Mulroney. The appointment of special envoys was announced at the summit, and their subsequent recommendation for a five-year, \$5 billion cleanup plan was endorsed by the Reagan administration.

Deaver told the GAO through his attorney that he attended a Dec. 11, 1984, White House meeting with Allan E. Gottlieb, the Canadian ambassador to Washington, at which acid rain may have been discussed. Deaver also discussed the special envoy proposal in a Feb. 28, 1985, meeting with Fred Doucet, a senior adviser to Mulroney. Deaver and Doucet met on several other occasions to plan for the summit, the GAO said.

[The Canadian government acknowledged yesterday that Doucet was the official who made what it called "a light-hearted conversational remark" during this period to Deaver about how much Canada "could use a good man" like Deaver. Canada's foreign minister made the acknowledgement in a House of Commons debate, Herbert H. Denton of The Washington Post Foreign Service reported from Ottawa.

The Canadian government revealed over the weekend that such a conversation occurred, but did not initially specify what Canadian official was involved.]

On March 2, 1985, and again four days later, Deaver met with administration officials who were debating the special envoy proposal. The proposal was also regularly discussed at 8 a.m. White House senior staff meetings during this period, the GAO said.

One faction, led by Stockman's Office of Management and Budget, argued that the naming of special envoys would imply too strong a U.S. commitment; the other, led by the State Department, said it would be worthwhile. Deaver sided with proponents by "endorsing or actively supporting the special envoy approach," Hinchman said.

Deaver also confirmed through his attorney that he had discussed two possible candidates for the special envoy's post with Robert C. McFarlane, then White House national security affairs adviser. They were Lewis, former transportation secretary, and William P. Clark, former interior secretary.

On March 12, 1985, Deaver met again, this time privately, with Ambassador Gottlieb. The GAO said Deaver recalled that they "may" have discussed acid rain and the special envoy proposal.

Seven months after the summit, Deaver, then a private lobbyist, met with Lewis, then the special envoy, on acid rain. The Oct. 25, 1985, meeting at the River Club in New York was also attended by Gottlieb and Canada's special envoy, former Ontario premier William Davis.

The two sides discussed differences over the timing and content of the envoys' report, such as whether it should include a specific financial commitment by the United States, Hinchman said. He said Deaver did not participate in the substantive discussions, but did support an early release of the report.

Regardless of the extent of Deaver's comments, Hinchman said, "his very presence at that meeting appears to constitute assistance" in representing Canada and may violate the law "intended to prevent a former senior employee from making unfair use of his prior governmental position."

By meeting with Lewis, Hinchman said, Deaver also may have violated the one-year legal ban on contacts with his former employer, in this case the White House and White House Office of Policy Development. Although the official job description of the special envoy's post said it was part of the State Department, Hinchman said, Lewis' title was "special envoy of the president," he received an appointment letter from presidential assistant McFarlane, and was given a White House pass and an office across the street in the Old Executive Office Building.

In addition, Hinchman said, Lewis reported to White House officials, received technical support from the White House policy development office and had some of his expenses paid by the White House.

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DEAVER'S CANADIAN CONNECTION

Feb. 28, 1985: Deaver meets with Fred Doucet, senior adviser to Canadian Prime Minister Brian Mulroney, to discuss proposal for the United States and Canada to name special envoys on the acid rain problem.

Dec. 11, 1984: Michael K. Deaver, White House deputy chief of staff, attends a White House meeting with Allan Gottlieb, Canadian ambassador to Washington. Deaver says acid rain may have been discussed.

March 2, 1985: Deaver attends administration meeting on upcoming U.S.-Canadian summit at which a State Department official discussed acid rain and the special envoy proposal.

March 6, 1985: Deaver meets with the administration's summit planning group, which discussed pluses and minuses of naming special envoys. Deaver supports the special envoy approach and has endorsed Drew Lewis as one of two possible candidates.

March 17-18, 1985:

U.S.-Canadian summit. President Reagan meets with Mulroney in Ottawa and both countries announce special envoys to study acid rain problem.

Oct. 25, 1985: Deaver and Canadian officials meet with Lewis, special U.S. envoy on acid rain, and discuss content and timing of the envoys' report, which recommends a \$5 billion acid rain cleanup plan.

May 10, 1985: Deaver resigns from the White House.

May 16, 1985: Deaver and Canadian officials say they hold their first discussion of a possible job for Deaver, which led to a \$105,000-a-year consulting contract for Michael K. Deaver & Associates.



Gottlieb



Mulroney and Reagan



Deaver

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BY JAMES K.W. ATKINSON—THE WASHINGTON POST

Panel chairman Dingell talks to reporters at hearing on GAO probe of Deaver.

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Deaver probers ask wider scope to cover Fielding

By Myron Struck
THE WASHINGTON TIMES

An investigation into Michael K. Deaver's affairs widened yesterday as two Democrats on a House investigatory subcommittee called on the Justice Department to name an independent counsel to examine the conduct of former White House counsel Fred F. Fielding.

Officials of the General Accounting Office testified before the panel that Mr. Deaver may have violated federal ethics laws while in the White House.

The GAO formally joined earlier calls by the Office of Government Ethics and Mr.

which the ex-employee participated personally and substantially.

- A two-year ban on participating in matters pending within a year before the federal employee left the government.

- A prohibition on senior federal employees — like Mr. Deaver — from representing anyone before the federal government for two years on any issue in which they participated substantially.

- A one-year no-contact ban on appearing before the employee's former agency.

Mr. Deaver, in a statement, said that the GAO testimony "was prepared and presented publicly without interviewing me or any of my associates" and "fails to demonstrate that I have violated any federal laws." Mr. Deaver said he looked "forward to responding in detail" to the committee's questions at a closed-door meeting scheduled for Friday.

Through questioning of the GAO officials, Mr. Sikorski sought to establish that Mr. Fielding may have worked to cloak Mr. Deaver's role on substantive matters in the White House, perhaps, he said afterward, "because he was looking for a job."

Mr. Sikorski said he could not speculate why an experienced lawyer such as Mr. Fielding — who worked in the Nixon White House from 1970 to 1974 and for Mr. Reagan from 1981 to early 1986 — would have ignored "clearly written" federal ethics laws pertaining to conflicts of interest.

"I think Mr. Fielding has some answers to give," the congressman said.

Committee investigators found that Mr. Fielding was asked by Mr. Deaver in 1985 to consider working together after both men left government. That contact was expanded on Feb. 27, 1986, when Mr. Fielding had lunch with William F. Sittman, vice president of Michael K. Deaver & Associates, to discuss employment. At the time, the investigation of Mr. Deaver's conduct was already before Mr. Fielding.

The next day, Feb. 28, Mr. Fielding sent a letter to David H. Martin, director of the Office of Government Ethics, virtually clearing Mr. Deaver of any wrongdoing under federal ethics laws.

Mr. Fielding, who said he had no intention of accepting an offer to work for Mr. Deaver, said he "recused myself because of caution." Mr. Fielding recused himself from the investigation about a week later, after replying in writing to Mr. Martin. Mr. Fielding now refuses to answer questions about the matter because, he says, he had recused himself and was not involved.

Mr. Sikorski asked GAO Deputy General Counsel James F. Hinchman and GAO investigator Jennie S. Stathis how they would "characterize the validity of Mr. Fielding's statements" in his letter to Mr. Martin.

"It's certainly inaccurate," the congressman prompted.

"That's correct," Miss Stathis said.

A senior administration official knowledgeable about the Deaver investigation said yesterday afternoon he was "disturbed that Fielding talked to Deaver about employment. It seems to me that Fielding's role in all of this ought to be part and parcel of any investigation."

Herbert J. Miller Jr., Mr. Deaver's attorney, said that the hearing yesterday produced "no new facts. We've had no complete investigation, no discussion with Mr. Deaver."

Mr. Miller repeated his clients'

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Deaver didn't tell probers of pre-summit Quebec trip. Page 5A.

Deaver himself for appointment of an independent counsel to examine whether any federal laws were violated.

Yesterday's hearing before the House Energy and Commerce subcommittee on oversight and investigations was the first public inquiry into Mr. Deaver's activities. But Rep. Gerry Sikorski, Minnesota Democrat, sought to expand the scope to include the affairs of Mr. Fielding.

"There is a prima facie case against Mr. Fielding, the president's lawyer, of violations" of federal ethics law, Mr. Sikorski said. "If the Justice Department does not look into this on its own, I will formally call for an independent counsel to be named."

Subcommittee Chairman John D. Dingell, Michigan Democrat, told reporters after the hearing that he supported Mr. Sikorski's initiative.

Mr. Deaver, the former White House deputy chief of staff, yesterday denied, in a prepared statement, any wrongdoing.

Mr. Fielding said in an interview, "to my knowledge, there was no cover-up" of facts pertaining to Mr. Deaver's role in the White House. He said he "was not personally involved in the investigation" and turned those chores over to his deputy, John Roberts.

Regarding Mr. Deaver, the GAO concluded that the former White House deputy chief of staff may have violated overlapping federal ethics provisions that establish:

- A lifetime prohibition on all former federal employees from representing any person before the government on a matter in

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call for an independent counsel.

"That is the only place where we will get a full, fair, complete review and investigation," Mr. Miller said.

The GAO findings, set forth in 20 pages of written testimony summarized by Mr. Hinchman yesterday, are based primarily on statements made by former Office of Management and Budget Director David A. Stockman, former National Security Adviser Robert McFarlane and National Security Council aide Tyrus Cobb.

Mr. Dingell said that Mr. Stockman is a credible basis for the investigation because "he was intimately involved in these issues and attended many of the meetings that Mr. Deaver also attended."

Mr. Deaver, in his statement, said that he understood the GAO conclusion was "based principally on the recollections of three individuals, including David Stockman, and merely repeats various allegations and rumors that have been circulating in the press for weeks."

GAO officials, under critical questioning from Rep. Fred Eckert, New York Republican, said they did not interview Mr. Deaver because they were not required to prove the case against him, but only to show that there were grounds to send the allegations to the Justice Department for a formal probe.

Mr. Eckert contended that the GAO, then, was simply weighing the word of Mr. Deaver against the three individuals who supplied the bulk of the information in GAO's findings — Mr. Stockman, Mr. Cobb and Mr. McFarlane.

At the White House, spokesman Larry Speakes continued to distance President Reagan from the Deaver

affair, repeating that there would be no official comment because the Justice Department is still investigating.

Mr. Speakes said he did not know whether Mr. Deaver had spoken to Mr. Reagan since the allegations arose. He confirmed that Mr. Deaver continues to receive a confidential schedule of the president's daily activities and has retained his White House pass.

According to the GAO, Mr. Deaver left the White House on May 10, 1985 and within a week began negotiating to serve as a \$105,000 a year lobbyist for the government of Canada. Mr. Deaver's initiative, the GAO said, followed his playing a substantive role in setting up a summit meeting between Mr. Reagan and Canadian Prime Minister Brian Mulroney in 1985 and in the selection of Andrew L. (Drew) Lewis as a special envoy on the acid rain issue.

Mr. Hinchman of the GAO testified that Mr. Deaver then "represented the Canadian government in

a meeting with the U.S. special envoy for acid rain at which differences between the United States and Canada over the contents and issuance of the special envoy's report were discussed."

The GAO said there was also a question as to whether Mr. Deaver's appearance before Mr. Lewis in October 1985 was a violation of the law prohibiting government officials from lobbying before their former employers.

"Given Mr. Deaver's endorsement of the special envoy approach, his discussion concerning potential appointees and his position of influence at the White House, Mr. Deaver's participation in this particular matter appears to have been significant and thus substantial within the meaning of the post-employment laws," Mr. Hinchman said.

Washington Times staff writers Mark Tapscott, George Archibald and Jeremiah O'Leary contributed to this article.

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Deavergate?

The American people deserve to know what's behind Deavergate. What did Mike Deaver do, and when did he do it? He himself has called for investigation by an independent counsel — once called a "special prosecutor." Yesterday the General Accounting Office seconded the motion, its deputy general counsel asserting that "the post-employment laws may have been violated."

Did Mr. Deaver violate federal conflict-of-interests laws or not? If he did, is he just doing what everyone else does, but at a higher level? Why are these conflict-of-interests laws seldom enforced?

Mr. Deaver has a lot of explaining to do. According to Canadian Ambassador Allan Gotlieb, after the March 1985 summit between Canadian Prime Minister Brian Mulroney and President Reagan, a Canadian official remarked that "the United States was indeed fortunate to have a person of Mr. Deaver's talent on its team, and how much we could use a good man like that."

Ambassador Gotlieb insists that the remark was "made entirely as a lighthearted and jesting conversational filler and is hardly the stuff of negotiations or offers or proposals, of which there were none." But the ambassador also notes that on May 10, 1985, six days after Mr. Deaver stopped working in

the White House, Canada initiated discussions leading to Mr. Deaver's lobbying contract. Mr. Deaver's only non-passive act with Canada occurred when he deposited installments on the \$105,000 fee.

But that's not all. Before Mr. Deaver left the White House, he helped arrange the nomination of Thomas M.T. Niles, a career State Department diplomat, to the post of U.S. ambassador to Canada. Mr. Niles replaced Paul H. Robinson Jr., a committed Reaganite who maddened the Canadians by repeatedly urging them to uphold their NATO defense commitments and open their country to free trade with the U.S.

Free speech does extend to wealthy special interests, but within limits. The country obviously needs protection against the unscrupulous use of privileges gained by those "serving" the public, and Mr. Deaver has been whipped by an inevitable backlash.

The Justice Department needs to appoint a special prosecutor to discover what exactly Mr. Deaver did and whether he violated any laws. Mr. Deaver should be charged with a crime or exonerated. Whatever the verdict, his public embarrassment should serve as a warning to other government officials: public service is a solemn trust, not a broad highway to private gain.

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Criminal quiz asked on Deaver

From Chicago Tribune wires

WASHINGTON—Citing four possible ethics violations, the General Accounting Office asked the Justice Department Monday to open a criminal investigation into the lobbying activities of former White House aide Michael Deaver.

James Hinchman, GAO deputy general counsel, disclosed to a House subcommittee the possible violations stemming from Deaver's representation of the Canadian government after he left the White House.

"We have concluded only that there is enough basis for believing the post-employment laws may have been violated to warrant referring the matter to the Department of Justice," Hinchman said.

Hinchman testified at a hearing by the House Energy and Commerce Subcommittee on Oversight and Investigations chaired by Rep. John Dingell [D., Mich.].

Deaver has agreed to testify before the subcommittee Friday in closed session.

At the White House, spokesman Larry Speakes refused to comment on the Deaver investigation.

Speakes also said he did not know whether Deaver has spoken with President Reagan since the question of conflict-of-interest violations arose.

The spokesman acknowledged, however, that Deaver continues to receive the detailed, unpublished schedule of the President's activities and retains his White House pass enabling him to enter the White House compound.

The GAO opened an inquiry into Deaver's work for the Canadians following reports he participated in the administration's decision to adopt their proposal for the United States and Canada each to appoint a special envoy on acid rain.

"In brief, it appears that Mr.

Deaver, while serving as White House deputy chief of staff and assistant to the President, participated in an administration decision to invoke the special envoy process by which the United States and Canada have attempted to resolve their differences over acid rain," Hinchman said.

On another matter, Hinchman testified that former Budget Director David Stockman told GAO investigators of rumors he had heard that Deaver was angling for private lobbying employment with the Canadians while still working at the White House.

Hinchman said the GAO could not substantiate the rumors that Stockman provided.

Hinchman said Deaver represented the Canadian government in an October 1985 meeting with the U.S. special envoy for acid rain. The representatives discussed differences between the United States and Canada over the special envoy's report, which was issued in January and contained recommendations favored by Canada.

Hinchman said Deaver's work as a lobbyist for Canada may have violated four provisions of the ethics law that regulates post-government employment of federal officials.

"The information we obtained indicates that Mr. Deaver may have participated personally and substantially in the decision to appoint a special envoy for acid rain and thus may have been subject to the [lifetime] limits on representations with respect to the special envoy process" imposed by federal post-employment laws, Hinchman said.

He said Deaver also may have violated two regulations designed to prevent conflicts of interest. The first is a one-year ban prohibiting the most senior administration officials from representing anyone before their former agencies, and the second is a two-year prohibition on representing someone relating to a matter under the former employee's specific responsibilities in the year before he resigned.

The fourth provision, Hinchman said, is a one-year prohibition on any contact by a senior official with a representative of his former agency. He referred to Deaver's Oct. 25, 1985, meeting in New York with U.S. special envoy Drew Lewis, who was appointed by and reported to Reagan.

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Deaver didn't tell probbers of pre-summit Quebec trip

By George Archibald
and Mark Tapscott
THE WASHINGTON TIMES

Michael K. Deaver did not inform federal investigators of key meetings and planning sessions he had with Canadian officials during a trip to Canada before he left the White House.

The former White House deputy chief of staff did not tell the White House counsel and the General Accounting Office of a December 1984 trip to Quebec to help choreograph a joint U.S.-Canadian acid rain agreement the following spring, according to sources and government documents released yesterday.

Mr. Deaver's involvement in the controversial acid rain issue, preceding his negotiations for a \$105,000 lobbying contract with Canada that started six days after he left office, is the focus of investigations by the House Committee on Energy and Commerce and the Justice Department.

In testimony yesterday before the congressional panel, GAO officials said they "obtained a statement from Mr. Deaver's attorney regarding his involvement in the acid rain issue and the decision to appoint a special envoy" at the 1985 U.S.-Canada summit.

The statement listed 15 pre-summit discussions in which Mr. Deaver may have discussed acid rain and the special envoy proposal with Canadian and U.S. officials.

Through his attorney, Mr. Deaver

said he may have discussed the acid rain matter with Canadian Ambassador Allan Gotlieb on Dec. 11, 1984, and on March 12, 1985, the week before the summit meeting between Mr. Reagan and Canadian Prime Minister Brian Mulroney.

The following July, Mr. Gotlieb signed a \$105,000-a-year lobbying contract for Mr. Deaver to represent Canada on the acid rain issue in Washington.

Last Friday, Mr. Deaver informed the GAO through his attorney that he recalled one additional meeting on Feb. 28, 1985, with Fred Doucet, Mr. Mulroney's chief policy aide, who was promoting the appointment of special acid rain envoys by the two leaders.

However, Mr. Deaver did not report a key December 1984 visit to Quebec, the site of the March 17-18, 1985, summit, during which sources said the stage was set for an apparent acid rain accord between the two governments.

"A whole U.S.-Canadian team went to Quebec, to the Chateau Frontenac, to scout the situation and plan the summit meeting," said Paul H. Robinson Jr., former U.S. ambassador to Canada, in a telephone interview. "Mike, of course, has always been, in all of the president's visits, the advance man, so he was acting then only as advance man."

"There were probably 15 people who came up from Washington and another 15 from Ottawa. . . . It was just a big advance meeting where we decided what rooms we'd use and

what the procedures would be," said the former ambassador.

But a former White House advance official familiar with the summit said "a tentative agreement was on the agenda by that point [December 1984]."

"The trip was made to work out all the logistics of the president's trip, to plan the working discussions and decide when substantive agreements would take place," said the former official, who requested anonymity.

"Deaver and the representatives from NSC and State discussed with the Canadians whether a joint agreement was likely and worked out the logistics of the joint statement," he said. "There is a cross-current where substance [summit issues] and logistics are discussed closely," the former official said.

"One of the major decisions made on that trip by both sides was whether there would be a concrete newsworthy event or whether the summit would be dominated by atmospheric issues to create news interest. In this case, a major agreement was anticipated and Deaver's role, as always, was to make sure that it came off without a hitch."

Mr. Deaver's spokeswoman, Pamela G. Bailey, confirmed that the Quebec planning trip was not reported to government investigators. She said the trip "was strictly logistics and no substantive issues were discussed."

Mr. Robinson said he "never saw

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any indication of any lobbying by Mike Deaver" for an acid rain envoy. But he said Mr. Deaver was involved in discussions and planning for some kind of summit accord on acid rain.

"It was clearly an issue which we had to address and, more importantly, it was the principal concern of the government of Canada. And we all wanted to do what we could to assist the government of Canada, not only in their interests but in our interests," Mr. Robinson said.

After Mr. Deaver's trip, then-Ambassador Robinson urged the White House to endorse the joint special envoy concept.

"I am the only one who put in writing a recommendation — in a secret report to the National Security Council — that the special envoys be appointed so we could get some movement with the Canadians on this serious acid rain situation," he said. "That would have been in late January, early February."

The ambassador said he called on Mulroney aide Fred Doucet "two or three times to get the Canadian government's input and was supportive of the next step, which was the appointment of two special envoys."

Mr. Deaver's spokeswoman confirmed that he was responsible for the selection of Thomas M.T. Niles to replace Mr. Robinson as U.S. ambassador to Canada just a week before Mr. Deaver left the White House in May 1985.

"Mr. Deaver knew Ambassador Niles personally and had worked closely with him as a career Foreign Service officer on previous European trips of the president and had come to have a high regard for him," Mrs. Bailey said.

Mrs. Bailey said Mr. Deaver does not remember who first recommended Mr. Niles to him for the position as U.S. ambassador to Canada.

Deaver conflict probe exploring a gray area

By Myron Struck
THE WASHINGTON TIMES

Why is Rep. John D. Dingell, one of the most tenacious bulldogs on Capitol Hill, so interested in Michael K. Deaver, confidant to a president and first lady, and lobbyist extraordinary?

Perhaps from a sense of history. Perhaps from a sense of vengeance.

The politically attuned in this city have watched the Deaver case unfold in the media, somewhat perplexed about where it would all lead. Mr. Deaver, after all, cannot be fired — he has quit already.

The worst the Reagans could do — given Mr. Deaver's status as First Friend — is cut off his access: not take his calls, revoke the White House pass he continues to carry.

Eventually, Mr. Deaver may be found guilty of violating federal ethics laws. But the same finding could be made of many of this city's lobbyists who traverse the gray areas be-

And it certainly wasn't enough for Mr. Dingell that Mr. Deaver himself wanted an independent counsel to be named by Justice so his name could be cleared.

At worst, Mr. Deaver's handling of international contracts after leaving the White House will continue to unfold, tainting the lobbying industry for years. It may cause sweeping revisions of federal ethics and lobby laws and result — in a more personal way — in a political black eye for the president. Senate hearings on an ethics code revision have already opened.

But Mr. Dingell's investigators have forged ahead on the narrow issue of the acid rain and trade matters, primarily concerning the Canadians. Other areas that committee investigators are looking into have not been publicly discussed.

Mr. Dingell's probe is vaguely reminiscent of an investigation 14 years ago in the House Banking Committee. At that time, Rep. Wright Patman, Texas Democrat, began looking into the laundering of money that was destined for the account of the Committee to Re-elect the President — President Nixon, that is.

Mr. Patman's angle, which has become a footnote in history, was to trace checks written as campaign contributions that ended up in the hands of the would-be burglars of the Democratic National Committee offices at the Watergate complex in Washington.

Although Mr. Patman's effort faded, eventually nationally televised Senate hearings chaired by Sen. Sam Ervin, North Carolina Democrat, led to the resignation of Mr. Nixon.

Mr. Dingell is approaching the investigation of Michael Deaver in much the same way as Mr. Patman did initially — with a healthy supply of skepticism and curiosity. Today Mr. Dingell is trying to explore the psychology of a senior aide to a president who coaxes private sector billings estimated at \$4.5 million within a year and who had his firm on the sales block for \$18 million.

Was Mr. Deaver a substantive decision maker in the White House that should preclude him from having the right to deal with those firms or countries in his life after government? Or was his generalist role so lacking in substance that any conversations he might have had really had little meaning?

Those are the questions to which Mr. Dingell so far has been unable to get complete answers.

It first appeared that the General Accounting Office was operating more timidly than usual, perhaps because of the political implications against the White House or because agency investigators were uncertain what to look for. Again, clarity was lacking.

As a result, word began to spread that the

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NEWS ANALYSIS

tween propriety and hard-nosed business. With the Justice Department hot on that trail already, what is there left for Mr. Dingell to uncover?

What Mr. Dingell, a Michigan Democrat, the chairman of the House Energy and Commerce Committee and the head of its subcommittee on oversight and investigations, saw as the centerpiece of Mr. Deaver's new life as a lobbyist was a controversial contract with one of the United States' closest allies — Canada. Mr. Deaver's job: handle trade and acid rain issues.

Mr. Dingell, who usually represents the interests of the smoke-stack industry, has been consistently opposed to any further economic burdens on U.S. business to clean up the environment. Apparently, based on that tenuous link, Mr. Dingell pounced, ordering his investigators to begin taking apart Mr. Deaver's life over the last 4½ years.

After all, Mr. Deaver apparently reversed the long-standing U.S. opposition to a new accord with Canada enabling a new anti-pollution program. While that meant no new federal programs, the deal could have been perceived by Mr. Dingell as a precursor to a new pro-environmental stance by the Reagan administration.

For Mr. Dingell, who has refused to be interviewed about the matter, it has not been enough that the Office of Government Ethics has called for a criminal investigation of Mr. Deaver by the Justice Department. Nor has it been enough that the General Accounting Office, in a study completed last week, found grounds for criminal prosecution and wanted the case also turned over to Justice.

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GAO had assigned a team of "pussy cats" to the investigation.

Michael F. Barrett Jr., Mr. Dingell's senior aide, characterized the GAO investigators as a cross between pussy cats and tigers, but leaning to the tiger side.

"They aren't the sharpest we've had on an investigation," he said.

Besides the problems with the GAO, Mr. Dingell was confronted with centralization in the White House that caused all information for the Office of Government Ethics to be routed through White House Counsel Fred F. Fielding or his successor, Peter J. Wallison.

Since Mr. Fielding saw nothing wrong with Mr. Deaver's incidental contacts on the acid rain/Canada issue, he conducted his investigation for Mr. Dingell, the GAO and the Office of Government Ethics accordingly, letters from Mr. Fielding to OGE Director David H. Martin show.

Mr. Fielding believed, according to his letters, that the federal ethics law allows contacts, such as discussions, on issues for senior administration officials and future clients so long as the government aide has no decision-making authority.

Mr. Martin, however, replied, "Mr. Deaver need not have been conversant with technical acid rain issues or have drafted the agreement for the special envoys to have been personally and substantially involved."

That conduct, Mr. Martin says, is a violation of federal law.

Deaver tied to shift of envoy to Ottawa

By George Archibald
and Mark Tapscott
THE WASHINGTON TIMES

Michael K. Deaver, the former White House deputy chief of staff, was instrumental in selecting a new U.S. ambassador to Canada before he started a private consulting business and signed a lobbying contract with the Canadian government, according to current and former administration officials.

Early last year, Mr. Deaver worked with State Department officials to replace ambassador Paul H. Robinson Jr., a Reagan appointee, with a career Foreign Service officer considered more acceptable to the Canadian government, sources said.

In the spring of 1985, Mr. Deaver helped persuade President Reagan to "sign off" on the nomination of Thomas M.T. Niles, a 24-year State Department careerist, to replace Mr. Robinson, the sources said.

Mr. Niles was serving as deputy to Richard R. Burt, then assistant secretary of state for European and Canadian Affairs. Mr. Burt, who now is U.S. ambassador to West Germany, had recommended his deputy for the Canada post, according to the sources.

Canadian Ambassador Allan Gotlieb has informed a House investigative panel that Mr. Deaver started formal negotiations on May 16, six days after he left the White House, to obtain a \$105,000 lobbying contract with the Ottawa government. The contract took effect last July, the same month that the change in ambassadors to Canada took place.

However, Mr. Gotlieb has disputed reports that Mr. Deaver's contract was connected with his support for Canada's position on the controversial acid rain issue. Among other things, Mr. Deaver is alleged to have pushed for the appointment of a special U.S. envoy who helped persuade Mr. Reagan to reverse his acid rain policies.

Today, Rep. John D. Dingell, Michigan Democrat and chairman of the House Energy and Commerce subcommittee on oversight and investigations, opens conflict-of-interest hearings concerning Mr. Deaver's involvement with Canada before and after he left office.

He will hear testimony from James Hinchman, associate counsel of the General Accounting Office, concerning the GAO's investigation

of Mr. Deaver's activities with the Canada acid rain issue. The GAO is expected to say that it has found evidence that Mr. Deaver may have violated federal conflict-of-interest laws and is referring its findings to the Justice Department.

The GAO investigation chiefly was concerned with the acid rain issue and did not look into the ambassador nomination process, sources said.

Mr. Deaver has repeatedly denied any wrongdoing.

In a related matter, over the weekend Mr. Gotlieb told Mr. Dingell by letter that some time "considerably after Mr. Deaver announced that he was leaving the White House, an official in Canada did make a light-hearted conversational remark to Mr. Deaver to the effect that the U.S. was indeed fortunate to have a person of Mr. Deaver's talent on its team, and how much we could use a good man like that."

The remark by an unnamed Canadian official, believed to have been made after the Quebec summit, was "made entirely as a light-hearted and jesting conversational filler and is hardly the stuff of negotiations or offers or proposals, of which there were none," Mr. Gotlieb stated.

Mr. Deaver headed a three-man committee that selected ambassadorial nominees from 1983 until May 10, 1985, when he left the White House. At the time Mr. Niles was proposed to Mr. Reagan to be Canadian envoy, the committee also included Kenneth W. Dam, former deputy secretary of state, and Robert H. Tuttle, director of presidential personnel.

Mr. Dam resigned his post in April 1985. He said in an interview with The Washington Post this weekend that Mr. Deaver supported Mr. Niles' appointment.

According to present and former officials, some Canadians had been irritated with Mr. Robinson's staunch pro-Reagan positions. Mr. Robinson, appointed Canadian ambassador by Mr. Reagan in 1981, "gave the Canadians hell" about spending too little on defense and for support of NATO, said a former White House official, who still advises senior administration figures on international matters.

Mr. Robinson, an investment broker from Chicago, also upset liberal Canadian politicians, including progressive members of Prime Minister Brian Mulroney's Conservative Party, with persistent advocacy in

Canada of Reagan economic policies, said Charles M. Lichenstein, former alternate U.S. delegate to the United Nations.

"Robinson was a forceful, outspoken, intelligent and very articulate exponent of market-oriented economics, specifically anti-regulatory policies, and he was an opponent of statist economic programs that still are the order of the day in Canada," Ambassador Lichenstein said.

"He criticized the Canadization of Canadian business and industry, which had the effect of slowing down U.S. investment opportunities in Canada. The effect in Canada was that he was not very popular [with the political establishment]. When Robinson left, there were great sighs of relief in Canada."

Mr. Lichenstein said Canada's envoys at the United Nations were hostile to Mr. Robinson and Reagan policies. Mr. Niles is "a typical Foreign Service officer who wouldn't make waves," he said. "He's low-key and will accommodate himself to their interests."

Mr. Robinson told The Washington Times in an interview that he was not coerced to leave office.

"Mike Deaver or nobody else had anything to do with my leaving after four years and two months," he said. "That was a decision that I made in June. Then I advised them that I would leave on or about Sept. 9. That's a fact."

"It's true that the State Department did want to put more Foreign Service officers in not to exceed 2½ years, therefore everybody who was in for more than 2½ years — I was certainly one of them — were apprised of the State Department's desire to do this," Mr. Robinson said.

"But that's only on natural rotation. In fact, my term was four years

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and two months, and there is no set time. So the appropriate time, I felt, for me and for my own reasons was early fall. There wasn't any kind of coercion or anything at all."

Mr. Niles said in a telephone interview that he was unaware of Mr. Deaver's alleged role in his appointment and never discussed the matter with him. He said he was first approached by Undersecretary of State Ronald I. Spiers "sometime toward either the end of April or the beginning of May" 1985 about taking the Canada post.

The Deaver committee would already have made its recommendation and the president would have "signed off" on the nomination by the time Mr. Spiers contacted Mr. Niles, said a White House official.

Officials said it is not unusual for a replacement to be proposed before a current ambassador is told to return.

Mr. Niles was formally nominated July 9, 1985, after a standard FBI background check. He was confirmed by the Senate and sworn in on July 31.

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DEAVER (TOPS N012)

URGENT

BY JOAN MOWER

WASHINGTON (AP) -- LOBBYIST MICHAEL K. DEAVER MAY HAVE VIOLATED FEDERAL CONFLICT-OF-INTEREST LAWS BECAUSE HE HANDLED U.S.-CANADIAN ISSUES AS A TOP WHITE HOUSE OFFICIAL AND THEN SIGNED A PRIVATE CONTRACT WITH CANADA, THE GENERAL ACCOUNTING OFFICE SAID TODAY.

"BECAUSE THE INFORMATION WE DEVELOPED ... INDICATES A POSSIBLE VIOLATION OF THE POST-EMPLOYMENT LAWS AND A NEED FOR FURTHER INVESTIGATION, WE HAVE REFERRED OUR FINDINGS AND RELEVANT DOCUMENTS TO THE DEPARTMENT OF JUSTICE," SAID JAMES F. HINCHMAN, THE GAO'S DEPUTY GENERAL COUNSEL SAID.

HINCHMAN PRESENTED THE CONGRESSIONAL WATCHDOG AGENCY'S FINDINGS TO THE HOUSE ENERGY AND COMMERCE SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATION, CHAIRED BY REP. JOHN DINGELL, D-MICH.

AT THE WHITE HOUSE, SPOKESMAN LARRY SPEAKES REFUSED TO COMMENT ON THE DEAVER INVESTIGATION.

SPEAKES ALSO SAID HE DID NOT KNOW WHETHER DEAVER HAS SPOKEN WITH PRESIDENT REAGAN SINCE THE QUESTION OF CONFLICT-OF-INTEREST VIOLATION.

THE SPOKESMAN ACKNOWLEDGED, HOWEVER, THAT DEAVER CONTINUES TO RECEIVE THE DETAILED, UNPUBLISHED SCHEDULE OF THE PRESIDENT'S ACTIVITIES AND RETAINS HIS WHITE HOUSE PASS ENABLING HIM TO ENTER THE WHITE HOUSE COMPOUND.

IN A 24-PAGE PREPARED STATEMENT, HINCHMAN DETAILED DEAVER'S INVOLVEMENT IN NEGOTIATING THE DIFFERENCES BETWEEN CANADA AND THE UNITED STATES OVER ACID RAIN.

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House Panel May Probe Canadian's Remark to Deaver

WASHINGTON (AP)—A Canadian official's remark to then-presidential aide Michael K. Deaver that the Ottawa government could use a man of his talents is likely to come up today at a House subcommittee hearing.

Canadian Ambassador Allan E. Gottlieb informed Rep. John D. Dingell (D-Mich.) in a two-page letter that the unidentified Canadian official's remark to Deaver in March, 1985, was made in a light-hearted vein and did not constitute a job offer to Deaver, who was hired by Canada in July, 1985.

Gottlieb's letter said the Canadians regard the remark as having no importance whatsoever, according to Michael F. Barrett Jr., chief counsel to the House Energy and Commerce subcommittee on oversight and investigations.

Barrett disclosed contents of the letter, which was sent to the subcommittee on Friday.

Today, Dingell's panel will hear testimony on the Deaver case from the General Accounting Office, the congressional watchdog agency that has been looking into Deaver's lobbying on behalf of Canada.

GAO officials have referred the case to the Justice Department because they said they have found evidence that Deaver might have violated conflict-of-interest laws.

Deaver, 48, an intimate of President Reagan and his wife, Nancy, was White House deputy chief of staff until his resignation on May 10, 1985. He had announced his intention to leave public office in January, 1985.

Deaver insists he has not done anything wrong, and has agreed to testify before a closed session of Dingell's committee next Friday.

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DEAVER

UPDATE UP025, 1ST ITEM

BY TIMOTHY BANNON

WASHINGTON (UPI) -- THE GENERAL ACCOUNTING OFFICE ASKED THE JUSTICE DEPARTMENT TODAY TO OPEN A CRIMINAL INVESTIGATION INTO CONFLICT-OF-INTEREST ALLEGATIONS AGAINST FORMER WHITE HOUSE AIDE MICHAEL DEAVER, A SENIOR GAO OFFICIAL TOLD CONGRESS.

JAMES HINCHMAN, DEPUTY GENERAL COUNSEL OF THE WATCHDOG AGENCY, TOLD A HOUSE SUBCOMMITTEE DEAVER MAY HAVE VIOLATED SEVERAL LAWS IN CONNECTION WITH HIS LOBBYING ACTIVITIES FOR THE CANADIAN GOVERNMENT AFTER HE LEFT THE WHITE HOUSE.

"WE HAVE CONCLUDED ONLY THAT THERE IS ENOUGH BASIS FOR BELIEVING THE POST-EMPLOYMENT LAWS MAY HAVE BEEN VIOLATED TO WARRANT REFERRING THE MATTER TO THE DEPARTMENT OF JUSTICE," HINCHMAN SAID.

HINCHMAN TESTIFIED AT THE START OF A HEARING BY THE HOUSE SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS CHAIRED BY REP. JOHN DINGELL, D-MICH.

DEAVER IS EXPECTED TO TESTIFY IN A CLOSED SESSION BEFORE THE SUBCOMMITTEE FRIDAY TO TELL HIS SIDE OF THE STORY.

THE GAO OPENED AN INQUIRY OF DEAVER'S WORK FOR THE CANADIANS FOLLOWING REPORTS HE PARTICIPATED IN THE ADMINISTRATION'S DECISION TO ADOPT THEIR PROPOSAL FOR THE UNITED STATES AND CANADA TO APPOINT A SPECIAL ENVOY EACH ON ACID RAIN.

"IN BRIEF, IT APPEARS THAT MR. DEAVER, WHILE SERVING AS WHITE HOUSE DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT, PARTICIPATED IN AN ADMINISTRATION DECISION TO INVOKE THE SPECIAL ENVOY PROCESS BY WHICH THE UNITED STATES AND CANADA HAVE ATTEMPTED TO RESOLVE THEIR DIFFERENCES OVER ACID RAIN," HINCHMAN SAID.

AFTER LEAVING THE FEDERAL GOVERNMENT, HINCHMAN SAID, DEAVER REPRESENTED THE CANADIAN GOVERNMENT IN A MEETING WITH THE U.S. SPECIAL ENVOY FOR ACID RAIN. THE REPRESENTATIVES DISCUSSED DIFFERENCES BETWEEN THE UNITED STATES AND CANADA OVER THE SPECIAL ENVOY'S REPORT.

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HINCHMAN SAID DEAUER'S WORK AS A LOBBYIST FOR CANADA MAY HAVE VIOLATED THREE FEDERAL POST-EMPLOYMENT LAWS.

"THE INFORMATION WE OBTAINED INDICATES THAT MR. DEAUER MAY HAVE PARTICIPATED PERSONALLY AND SUBSTANTIALLY IN THE DECISION TO APPOINT A SPECIAL ENVOY FOR ACID RAIN AND THUS MAY HAVE BEEN SUBJECT TO THE (LIFETIME) LIMITS ON REPRESENTATIONS WITH RESPECT TO THE SPECIAL ENVOY PROCESS" IMPOSED BY FEDERAL POST-EMPLOYMENT LAWS, HINCHMAN SAID.

HE SAID DEAUER ALSO MAY HAVE VIOLATED TWO REGULATIONS DESIGNED TO PREVENT CONFLICTS OF INTEREST. THE FIRST IS A ONE-YEAR BAN PROHIBITING THE MOST SENIOR ADMINISTRATION OFFICIALS FROM REPRESENTING ANYONE BEFORE THEIR FORMER AGENCIES, AND THE SECOND IS A TWO-YEAR PROHIBITION ON REPRESENTING SOMEONE RELATING TO A MATTER UNDER THE FORMER EMPLOYEE'S SPECIFIC RESPONSIBILITIES IN THE YEAR BEFORE HE RESIGNED.

DEAUER, WHO HAS BEEN UNDER A BARRAGE OF FIRE OVER HIS LUCRATIVE POST-WHITE HOUSE ACTIVITIES, HAS ASKED THE JUSTICE DEPARTMENT TO OPEN AN INQUIRY AND TO DETERMINE WHETHER AN INDEPENDENT COUNSEL SHOULD BE APPOINTED TO INVESTIGATE ALLEGATIONS AGAINST HIM.

HINCHMAN SAID GAO INVESTIGATORS DID NOT FIND IT NECESSARY TO INTERVIEW DEAUER ONCE THEY CONCLUDED THE MATTER SHOULD BE REFERRED TO THE JUSTICE DEPARTMENT. HE SAID DEAUER'S LAWYER PROVIDED A STATEMENT ON THE ACID RAIN ISSUE.

THE CANADIANS DECLINED A REQUEST TO BE INTERVIEWED, HINCHMAN SAID.

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Possible Ethics Violation by Deaver Found, GAO Tells Panel

By Howard Kurtz
Washington Post Staff Writer

The General Accounting Office a House subcommittee yesterday that it has found evidence that White House aide Michael Deaver may have violated federal conflict-of-interest laws and it is referring its findings to the Justice Department.

The GAO findings, according to sources familiar with the probe, are provided to the subcommittee

in the form of prepared written testimony by GAO Associate General Counsel James Hinchman, who is to testify in public Monday before the House Energy and Commerce subcommittee on oversight and investigations.

The panel, chaired by Rep. John D. Dingell (D-Mich.), is to question Deaver in a closed session Friday. The panel is examining Deaver's final months as White House deputy chief of staff and the months after he began his lobbying firm to deter-

mine whether he violated government ethics laws in soliciting business, much of it from foreign clients.

Among Deaver's duties in those final months in the White House, knowledgeable officials said this week, was playing a major role in selecting new ambassadors, including at least three in countries he later signed up for his firm.

The GAO's referral to the Justice Department has little practical effect, since the Federal Bureau of

Investigation is already conducting a preliminary investigation of Deaver that could lead to the appointment of an independent counsel. Five Democratic senators, the Office of Government Ethics and Deaver have asked Justice to seek such an outside probe.

But the decision shows that the congressional watchdog agency—after reviewing Deaver's work in the White House, his departure last May and his subsequent work as a Canadian government lobbyist—

has found reason to think the Deaver may have run afoul of the law. Deaver has denied doing anything improper for clients of his multimillion-dollar consulting firm, Michael K. Deaver & Associates.

The GAO probe is limited to Deaver's \$105,000-a-year contract with Canada and his work on the issue of acid rain. Sources familiar with the probe said it does not contain any startling information not previously reported by news media.

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Possible Violation by Deaver Discovered, GAO Tells Panel

DEAVER, From A1

One issue in the probe is whether Deaver violated laws by lobbying the executive branch on an issue in which he was "personally and substantially involved" as a White House official. Sources have said that Deaver was involved in selecting a special U.S. envoy on acid rain and in preparing for the U.S.-Canadian summit in March 1985.

The negotiations helped change the Reagan administration's stance on the issue and led to a multibillion-dollar agreement with Canada to combat acid rain pollution.

Another possible violation of law is the allegation by a Canadian source that Deaver had initial discussions about a possible agreement to represent Canada before he left the White House. Deaver and Canadian officials have insisted that the first contact came last May 16, six days after Deaver resigned.

The U.S. ambassador to Canada was among those recommended to the president by a small White House-State Department working group that Deaver chaired for a time early last year.

Former deputy secretary of state Kenneth W. Dam, one of the group's members, said Deaver and other members supported Foreign Service officer Thomas Niles as the ambassador last spring after political objections were raised to the leading candidate. Deaver was hired by Canada last fall.

Deaver and the rest of the group also agreed on John Gunther Dean as U.S. ambassador to India, turning back objections from State Department careerists that Dean, also a Foreign Service officer, has held too many posts abroad, according to Dam. He said Deaver knew both Niles and Dean.

Deaver and his wife were Dean's guests at the ambassador's residence on a business trip to New



MICHAEL K. DEAVER
... faces questioning Friday

Dehli two weeks ago, said Deaver spokeswoman Pamela G. Bailey, confirming a report in The New York Times.

Dam said Deaver also helped approve the U.S. ambassador to Singapore, J. Stapleton Roy, another career Foreign Service officer. Deaver announced last fall that he had a \$250,000 contract with Singapore, but the country eventually decided not to hire him.

Dam, one of a half-dozen people who attended the meetings with Deaver, the White House personnel director, and later White House chief of staff Donald T. Regan, said Deaver often acted as an arbiter between factions pushing career diplomats and political appointees.

A former White House official went further, saying that Deaver "took over" the key role in ambassadorial selections early last year. "Deaver had a list and a large number of our guys got in," he said.

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Remark to Deaver Is Played Down

Official Said Canada Could Use 'Good Man,' Envoy Reports

By David Hoffman
Washington Post Staff Writer

The Canadian government has acknowledged to a House subcommittee that a Canadian official made a "light-hearted conversational remark" to then White House deputy chief of staff Michael K. Deaver about how much Canada "could use a good man" like Deaver.

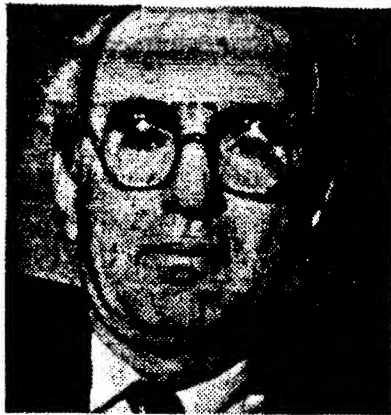
Canada's Ambassador to the United States Allan E. Gottlieb disclosed the comment in a letter sent Friday to Chairman John D. Dingell (D-Mich.) of the House Energy and Commerce subcommittee on oversight and investigations, which is probing whether Deaver violated federal conflict-of-interest laws.

One of the key issues in the inquiry is whether Deaver discussed possible employment as a consultant with future clients while he was still a top White House official. The subcommittee is trying to determine whether Deaver violated laws that prohibit officials from negotiating with future employers while taking part in policy discussions that could affect those employers.

Gottlieb, offering "supplementary information" to the House panel, again denied that Canadian officials had negotiated or made any offers to Deaver while he was working in the White House. After leaving the White House last year, Deaver signed a one-year, \$105,000 contract to advise Canada on a number of issues involving relations with the United States. Among them was acid rain pollution, a topic with

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ALLAN E. GOTTLIEB
... "anxious to dispose of any notion"

Canadian Calls Remark 'Light-Hearted'

DEAVER, From A1

which he had been involved at the White House.

The Washington Post two weeks ago quoted a knowledgeable Canadian source as saying that Deaver was working at the White House when he first talked with Canadian officials about signing up Canada for his Washington lobbying and public relations firm.

Deaver left the White House May 10, 1985. Gottlieb reiterated in Friday's letter to Dingell that the first discussion with Deaver about a "possible contract" came six days later "and any suggestions to the contrary are without foundation."

However, Gottlieb said there had been an earlier remark to Deaver from "an official in Canada" whom he did not identify. He said the remark came "considerably after" Deaver's announcement Jan. 4, 1985, that he was leaving the White House. An embassy spokesman said yesterday that the remark was not made by Gottlieb but would not identify who did make it.

The Canadian official, Gottlieb said, "did make a light-hearted conversational remark to Mr. Deaver to the effect that the U.S. was indeed fortunate to have a person of Mr. Deaver's talents on its team, and how much we could use a good man like that."

The exchange was regarded as so inconsequential by the Canadian official that he does not recall the precise time at which it was made but believes it was well after the Quebec summit March 16-17, 1985, between President Reagan and Canadian Prime Minister Brian Mulroney.

"This was a remark made entirely as a light-hearted and jesting conversational filler, and is hardly the stuff of negotiations or offers or proposals, of which there were none," Gottlieb said. He added that "we regard this as having no importance whatever" but said he was passing it along to be "as helpful as possible" to the House panel.

Canadian officials have said that while they are willing to volunteer some information, they think that Canada's dealings with Deaver involve privileged information that will not be disclosed to congressional investigators.

At the Quebec summit both leaders announced appointment of special envoys to study the acid rain problem. Other officials have said Deaver was involved in promoting the idea of special envoys on acid rain while he was on the White House staff. After being hired by Canada, Deaver attended a meeting on the subject with Gottlieb and the special envoys to discuss the report. When it was later published, the report led to a shift in Reagan's policy on acid rain to one that was more favorable to Canada.

The General Accounting Office reported Friday to the House panel that it had found evidence Deaver may have violated federal conflict-of-interest laws, and it has referred its findings to the Justice Department. Deaver has denied any wrongdoing.

Deaver, five Democratic senators and the Office of Government Ethics have asked the Justice Department to appoint an independent counsel to investigate the allegations against Deaver, and the Federal Bureau of Investigation is conducting a preliminary inquiry.

Federal law prohibits officials who leave the government from lobbying on issues in which they were personally and substantially involved while in office. The law also bars any government official from making recommendations, rendering advice or otherwise substantially participating in decisions affecting an outside interest "with whom he is negotiating or has any arrangement concerning prospective employment." Both provisions carry criminal penalties.

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In his letter to Dingell, Gottlieb also said the idea to appoint special envoys on the acid rain problem "was entirely a Canadian initiative."

"We are certainly anxious to dispose of any notion that Mr. Deaver, as opposed to the Canadian government, was responsible for generating the idea of special envoys, or had any special responsibility for it," Gottlieb wrote.

However, current and former U.S. government officials have said Deaver was responsible for actively pushing the idea in the White House before the Reagan-Mulroney summit.

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Canadian Cites Remark On Deaver

By David Hoffman
Washington Post Staff Writer

The Canadian government has acknowledged to a House subcommittee that a Canadian official made a "light-hearted conversational remark" to then White House deputy chief of staff Michael K. Deaver about how much Canada "could use a good man" like Deaver.

Canada's Ambassador to the United States Allan E. Gottlieb disclosed the comment in a letter sent Friday to Chairman John D. Dingell (D-Mich.) of the House Energy and Commerce subcommittee on oversight and investigations, which is probing whether Deaver violated federal conflict-of-interest laws.

One of the key issues in the inquiry is whether Deaver discussed possible employment as a consultant with future clients while he was still a top White House official. The subcommittee is trying to determine whether Deaver violated laws that prohibit officials from negotiating with future employers while taking part in policy discussions that could affect those employers.

Gottlieb, offering "supplementary information" to the House panel, again denied that Canadian officials had negotiated or made any offers to Deaver while he was working in the White House. After leaving the White House last year, Deaver signed a one-year, \$105,000 contract to advise Canada on a number of issues involving relations with the United States. Among them was acid rain pollution, a topic with which he had been involved at the White House.

The Washington Post two weeks ago quoted a knowledgeable Canadian source as saying that Deaver was working at the White House when he first talked with Canadian officials about signing up Canada for his Washington lobbying and public relations firm.

Deaver left the White House May 10, 1985. Gottlieb reiterated in Friday's letter to Dingell that the first discussion with Deaver about a "possible contract" came six days later "and any suggestions to the contrary are without foundation."

However, Gottlieb said there had been an earlier remark to Deaver from "an official in Canada" whom he did not identify. He said the remark came "considerably after" Deaver's announcement Jan. 4, 1985, that he was leaving the White House. An embassy spokesman said yesterday that the remark was not made by Gottlieb but would not identify who did make it.

The Canadian official, Gottlieb said, "did make a light-hearted conversational remark to Mr. Deaver to the effect that the U.S. was indeed fortunate to have a person of Mr. Deaver's talents on its team, and how much we could use a good man like that."

"The exchange was regarded as so inconsequential by the Canadian official that he does not recall the precise time at which it was made but believes it was well after the Quebec summit" March 16-17, 1985, between President Reagan and Canadian Prime Minister Brian Mulroney.

"This was a remark made entirely as a light-hearted and jesting conversational filler, and is hardly the stuff of negotiations or offers or proposals, of which there were none," Gottlieb said. He added that "we regard this as having no importance whatever" but said he was passing it along to be "as helpful as possible" to the House panel.

Canadian officials have said that while they are willing to volunteer some information, they think that Canada's dealings with Deaver involve privileged information that will not be disclosed to congressional investigators.

At the Quebec summit both leaders announced appointment of special envoys to study the acid rain problem. Other officials have said Deaver was involved in promoting the idea of special envoys on acid rain while he was on the White House staff. After being hired by Canada, Deaver attended a meeting on the subject with Gottlieb and the special envoys to discuss the report. When it was later published, the report led to a shift in Reagan's policy on acid rain to one that was more favorable to Canada.

The General Accounting Office reported Friday to the House panel that it had found evidence Deaver may have violated federal conflict-of-interest laws, and it has referred its findings to the Justice Department. Deaver has denied any wrongdoing.

Deaver, five Democratic senators and the Office of Government Ethics have asked the Justice Depart-

ment to appoint an independent counsel to investigate the allegations against Deaver, and the Federal Bureau of Investigation is conducting a preliminary inquiry.

Federal law prohibits officials who leave the government from lobbying on issues in which they were personally and substantially involved while in office. The law also bars any government official from making recommendations, rendering advice or otherwise substantially participating in decisions affecting an outside interest "with whom he is negotiating or has any arrangement concerning prospective employment." Both provisions carry criminal penalties.

In his letter to Dingell, Gottlieb also said the idea to appoint special envoys on the acid rain problem "was entirely a Canadian initiative."

"We are certainly anxious to dispose of any notion that Mr. Deaver, as opposed to the Canadian government, was responsible for generating the idea of special envoys, or had any special responsibility for it," Gottlieb wrote.

However, current and former U.S. government officials have said Deaver was responsible for actively pushing the idea in the White House before the Reagan-Mulroney summit.

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Possible Ethics Violation by Deaver Found, GAO Tells Panel

By Howard Kurtz
Washington Post Staff Writer

The General Accounting Office told a House subcommittee yesterday that it has found evidence that former White House aide Michael K. Deaver may have violated federal conflict-of-interest laws and that it is referring its findings to the Justice Department.

The GAO findings, according to sources familiar with the probe, were provided to the subcommittee in the form of prepared written testimony by GAO Associate General Counsel James Hinchman, who is to testify in public Monday before the House Energy and Commerce subcommittee on oversight and investigations.

The panel, chaired by Rep. John D. Dingell (D-Mich.), is to question Deaver in a closed session Friday. The panel is examining Deaver's final months as White House deputy chief of staff and the months after he began his lobbying firm to determine whether he violated government ethics laws in soliciting business, much of it from foreign clients.

Among Deaver's duties in those final months in the White House, knowledgeable officials said this week, was playing a major role in selecting new ambassadors, including at least three in countries he later signed up for his firm.

The GAO's referral to the Justice Department has little practical effect, since the Federal Bureau of Investigation is already conducting a preliminary investigation of Deaver that could lead to the appointment of an independent counsel. Five Democratic senators, the Office of Government Ethics and Deaver have asked Justice to seek such an outside probe.

But the decision shows that the congressional watchdog agency—after reviewing Deaver's work in the White House, his departure last May and his subsequent work as a Canadian government lobbyist—

has found reason to think that Deaver may have run afoul of the law. Deaver has denied doing anything improper for clients of his multimillion-dollar consulting firm, Michael K. Deaver & Associates.

The GAO probe is limited to Deaver's \$105,000-a-year contract with Canada and his work on the issue of acid rain. Sources familiar with the probe said it does not contain any startling information not previously reported by news media.

One issue in the probe is whether Deaver violated laws by lobbying the executive branch on an issue in which he was "personally and substantially involved" as a White House official. Sources have said that Deaver was involved in selecting a special U.S. envoy on acid rain and in preparing for the U.S.-Canadian summit in March 1985.

The negotiations helped change the Reagan administration's stance on the issue and led to a multibillion-dollar agreement with Canada to combat acid rain pollution.

Another possible violation of law is the allegation by a Canadian source that Deaver had initial discussions about a possible agreement to represent Canada before he left the White House. Deaver and Canadian officials have insisted that the first contact came last May 16, six days after Deaver resigned.

The U.S. ambassador to Canada was among those recommended to the president by a small White House-State Department working group that Deaver chaired for a time early last year.

Former deputy secretary of state Kenneth W. Dam, one of the group's members, said Deaver and other members supported Foreign Service officer Thomas Niles as the ambassador last spring after political objections were raised to the leading candidate. Deaver was hired by Canada last fall.

Deaver and the rest of the group also agreed on John Gunther Dean as U.S. ambassador to India, turning back objections from State Department careerists that Dean, also a Foreign Service officer, has held too many posts abroad, according to

Dam. He said Deaver knew both Niles and Dean.

Deaver and his wife were Dean's guests at the ambassador's residence on a business trip to New Delhi two weeks ago, said Deaver spokeswoman Pamela G. Bailey, confirming a report in The New York Times.

Dam said Deaver also helped approve the U.S. ambassador to Singapore, J. Stapleton Roy, another career Foreign Service officer. Deaver announced last fall that he had a \$250,000 contract with Singapore, but the country eventually decided not to hire him.

Dam, one of a half-dozen people who attended the meetings with Deaver, the White House personnel director, and later White House chief of staff Donald T. Regan, said Deaver often acted as an arbiter between factions pushing career diplomats and political appointees.

A former White House official went further, saying that Deaver "took over" the key role in ambassadorial selections early last year. "Deaver had a list and a large number of our guys got in," he said.

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DEAVER

BY JOAN MOUER

WASHINGTON (AP) -- SEN. JOSEPH BIDEN, D-DEL., THINKS THAT THE FBI MAY DROP ITS REQUEST TO TALK WITH THE DEMOCRATIC SENATORS WHO ASKED FOR A SPECIAL PROSECUTOR'S INVESTIGATION OF LOBBYIST MICHAEL K. DEAVER, THE LAWMAKER'S SPOKESMAN SAID.

"I THINK THE MATTER IS OVER WITH," PETER J. SMITH, BIDEN'S PRESS SECRETARY, QUOTED THE SENATOR AS SAYING ON THURSDAY.

A DAY EARLIER, BIDEN, THE RANKING DEMOCRAT ON THE SENATE JUDICIARY COMMITTEE, COMPLAINED TO FBI DIRECTOR WILLIAM WEBSTER IN A LETTER AND BY TELEPHONE ABOUT THE FBI'S DESIRE TO INTERVIEW THE FIVE DEMOCRATS WHO REQUESTED THE SPECIAL PROSECUTOR.

THE FIVE HAD TOLD ATTORNEY GENERAL EDWIN KEESE III THAT THE ALLEGATIONS AGAINST DEAVER, A FORMER WHITE HOUSE DEPUTY CHIEF OF STAFF WHO LOBBIES FOR FOREIGN AND DOMESTIC INTERESTS, SHOULD BE LOOKED INTO BY A SPECIAL PROSECUTOR.

THE ALLEGATIONS, WHICH HAVE BEEN RAISED IN PUBLISHED REPORTS, INVOLVE POSSIBLE VIOLATIONS OF POST-EMPLOYMENT CONFLICT-OF-INTEREST LAWS. A HOUSE ENERGY AND COMMERCE SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS IS INVESTIGATING THE CHARGES.

THE CONFLICT-OF-INTEREST LAWS FORBID SENIOR OFFICIALS FROM LOBBYING THEIR FORMER AGENCY AND DEALING WITH ISSUES IN WHICH THEY WERE INVOLVED WHILE IN GOVERNMENT.

BEFORE THE JUSTICE DEPARTMENT MAKES ITS RECOMMENDATION ON A SPECIAL PROSECUTOR, THE FBI MUST INVESTIGATE THE CASE. A THREE-JUDGE PANEL WOULD HAVE TO APPOINT A SPECIAL PROSECUTOR.

JUSTICE DEPARTMENT SPOKESMAN JOHN RUSSELL AND FBI SPOKESMAN WILLIAM CARTER BOTH SAID THEY DID NOT KNOW WHY FBI AGENTS WOULD WANT TO TALK WITH THE FIVE SENATORS. RUSSELL SAID HE DID NOT THINK SUCH DISCUSSION WOULD BE UNUSUAL. CARTER REFUSED TO DISCUSS DETAILS OF THE CASE BECAUSE OF THE PENDING INVESTIGATION.

SMITH SAID BIDEN DOES NOT KNOW WHAT PROMPTED THE BUREAU TO SEEK INTERVIEWS.

"I WOULDN'T CALL IT HARASSMENT. I'M PREPARED TO GIVE THEM (THE FBI) THE BENEFIT OF THE DOUBT AND GO ON FROM THERE," BIDEN WAS QUOTED AS SAYING.

SEN. PATRICK LEAHY, D-VT., SAID THE BUREAU MAY HAVE BEEN MERELY OVERZEALOUS.

BIDEN, WHO DID NOT RELEASE HIS LETTER TO WEBSTER, THINKS THE FBI SHOULD CONDUCT ITS OWN INDEPENDENT INVESTIGATION.

AP-WX-05-09-86 1123EDT

Democratic senators refuse to aid FBI in Deaver probe

By Myron Struck
and George Archibald
THE WASHINGTON TIMES

Attempts by the Reagan administration to open a preliminary investigation into whether former White House aide Michael K. Deaver acted improperly as a lobbyist have been frustrated by several of the Democratic senators who called for the probe.

Four of the five Democrats on the Senate Judiciary Committee who, on April 24, asked Attorney General Edwin Meese III to name an independent counsel have refused to cooperate with FBI investigators.

On Thursday, The New York Times reported Delaware Sen. Joseph R. Biden Jr., the ranking Democrat on the Senate Judiciary Committee, said attempts by the FBI to interview him on the issue were "inappropriate." Several other senators decried the FBI queries.

The fifth senator calling for the probe, Democratic Sen. Paul Simon of Illinois, has been interviewed by FBI investigators, according to David Carle, Mr. Simon's spokesman. The senator refused to comment yesterday on what he told the FBI, stating, through Mr. Carle, the dialogue with the FBI was "private."

Justice Department spokesman Patrick S. Korten said the FBI agents — in attempting to interview the senators calling for an independent counsel — were only trying to do their job.

"A number of those senators sent a letter indicating they felt strongly about the need for an independent counsel," Mr. Korten said. "Obviously, the only reasonable thing to do is go up to talk to them and see what the basis of their request might be."

Mr. Korten said it was "unconscionable" for members of Congress to ask for a probe and then seemingly try to "derail" it.

FBI Associate Director William M. Baker said that it is "common investigative practice to interview the original complainant to see if a preliminary investigation is in order."

Although Mr. Baker said FBI Director William H. Webster and Mr. Biden have talked "and the consternation is now behind us," Mr. Biden's aide said yesterday the FBI director did not apologize and the senator did

Mr. Baker contends Mr. Biden was confused about why the FBI needed more than the initial request.

"It is the duty of the FBI to make sure whether additional information is available to help determine whether a preliminary investigation is warranted," Mr. Baker said.

On Capitol Hill, one retired FBI special agent, Arizona Republican Rep. Eldon Rudd, defended his old agency yesterday, taking issue with senators' complaint and said FBI contacts on Capitol Hill are routine in both criminal and security matters.

"The FBI is an entity created by Congress to conduct investigations," Mr. Rudd said. "No member of Congress is above the law. If the FBI feels they need certain information, they would be remiss if they did not go to every possible source to get it. The law imposes that responsibility on the FBI."

Mr. Deaver is under investigation by various federal and congressional agencies for alleged conflicts-of-interest before and after he left the White House in connection with lucrative lobbying contracts, primarily with foreign clients. He has repeatedly denied any wrongdoing.

The flap over the senators is the most recent in a series of events that have tugged the Justice Department in different directions. Early on there were fears that Mr. Meese was too close to Mr. Deaver, forcing him to recuse himself from the issue. Then there was a call by Mr. Deaver himself to override the usual preliminary investigation and name an independent counsel immediately. A similar request for an independent counsel has been made by the Office of Government Ethics.

The Senate Judiciary Committee, headed by South Carolina Republican Sen. Strom Thurmond, has already conducted one hearing into changing the federal ethics law which guides government workers seeking to become lobbyists. A second hearing is planned later this month.

The House Energy and Commerce subcommittee on oversight and investigations, headed by Michigan Democratic Rep. John D. Dingell, plans a public hearing Monday to air a report prepared by the General Accounting Office on Mr. Deaver's conduct. A follow-up hearing featuring Mr. Deaver will be conducted next Friday behind closed doors.

GAO spokeswoman Laura Kopelson said yesterday that congressional watchdog agency would turn over to the FBI the material it compiled during its investigation to the FBI.

Mark Tapscott contributed to this report.

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CAPITAL LINE

USA TODAY'S BRIEFING ON WASHINGTON

DEAVER PROBE: The General Accounting Office said it would give the FBI material it compiled while investigating ex-White House aide Michael Deaver's lobbying activities. A spokesman for Sen. Joseph Biden, D-Del., said FBI Director William Webster apologized after agents tried to interview five senators who sought an investigation.

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Asides

Gumshoe City

Everyone investigates everyone else in Washington, a city full of lawyers. Some people are eager to tell what they know, but not all. Sen. Joseph Biden Jr. (D., Del.) has just chastised FBI Director William H. Webster for FBI efforts to question Democratic senators who want a special investigation of former White House aide Michael Deaver. Rather than ask what Sens. Biden, Byrd, Leahy, Simon and Metzenbaum know, the FBI should do its own snooping. Sen. Biden seems to feel. You can go too far, we guess.

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ESSAY

William Safire

The Secret Mandate

WASHINGTON

Every little scandal has a rhythm of its own.

Next Monday at 10 A.M., in Room 2322 of the Rayburn House Office Building, James Hinchman, deputy special counsel of the General Accounting Office, will plunk down that agency's report on the ethics of Michael Deaver and the Reagan flip-flop on acid rain to John Dingell's Energy and Commerce subcommittee.

Television news, which considers scandals mere "tell items" until they gain a visual dimension, will zoom in on a witness charging that Mr. Deaver, while still in the White House, may have begun representing Canadian interests too soon. I expect the G.A.O. to lay out what David Stockman told the White House counsel was a "secret mandate" to accommodate Canadian desires on acid rain given to the Deaver-recommended envoy, Drew Lewis. The G.A.O. should also flesh out the River House meeting that Mr. Lewis later attended with Canada's newest lobbyist.

That will not be the whole story, even of that acid-rain chapter of the saga of access-peddling. At the Office of Government Ethics, the director, David Martin (who came to office, he corrects me angrily, months after that moribund outfit gave ethical clearance to Mr. Deaver's diet book) refused to give the G.A.O. everything it asked for.

I have heard that Mr. Martin questioned the ethics of Mr. Deaver's activities as far back as last November in a memo to the White House, causing Fred Fielding, the White House counsel, much consternation; when subsequently visiting his friend Mr. Deaver's posh offices, Mr. Fielding was offered a job and had to recuse himself from further investigation.

Why can't we see the reason for that early internal fretting? Mr. Martin stonewalls, saying only "If I'm subpoenaed by Dingell, I might make full disclosure." (Chairman Dingell, meet Mr. Martin.)

The American press, in recent weeks led on the story by Martin Tolchin of The New York Times, and with refreshing enterprise from U.P.I., will follow the leads made public by the G.A.O., even as that agency tosses the ball to the Justice Department for criminal investigation. (Dismayingly, the free press of Canada, faced with the most serious

allegation of Canadian-American governmental corruption in history, casts its eyes shyly away.)

But acid-rain flip-flopping is only one facet of the Deaver diamond. Next Friday, Chairman Dingell and ranking Republican James Broyhill will bring Mr. Deaver, accompanied by his attorney, Herbert Miller (the former chief

You can't tell the Deaver probes without a program

of Justice's Criminal Division under J.F.K., and Richard Nixon's criminal lawyer) before the committee in executive session. A secret session is fair; the purpose is to get facts from the witness on matters beyond Canada, and not to fry him in public when criminal liability may exist.

Presumably, one of these areas will be Mr. Deaver's remarkable two-way representation of interests in South Korea. He advanced President Reagan's November 1983 trip to Seoul; after leaving office, he arranged for President Chun Doo Hwan's right-hand man to meet Mr. Reagan in the White House — possibly through Bud McFarlane, then the national security adviser, who claims he doesn't remember. Then South Korea blossomed with a couple million in fees.

Here's the two-way deal: In June 1985, Mr. Deaver was engaged by Philip Morris specifically to help penetrate the lucrative Korean market, where it is now a crime to smoke an American cigarette; four months later, he was hired by the South Korean Government. Thus the Blue House in Seoul is both target and client — a nice arrangement that I suspect could generate more than lobbying fees.

Meanwhile, he has hired the two sharpest operatives in the Office of the Trade Representative, Doral Cooper, who had been representing the U.S. in tobacco talks with South Korea, and Lisa Barry. Mr. Deaver sublets his offices from a law firm in Georgetown to which he has subcontracted half of his sugar-lobbying; the key Deaver contact in that firm is Jim Lake, longtime buddy to the present U.S. Trade Representative.

You might think at this stage, with Senate Judiciary calling for an independent counsel, Justice would be interviewing Mr. Lake and taking a hard look at O.T.R., the most vulnerable shop in town. It hasn't happened. Criminal Division chief Stephen Trott expects to be promoted, making way for U.S. Attorney William Weld of Boston, and has passed the Deaver investigation to Gerald McDowell of Justice's Public Integrity, who has not seemed eager to start an investigation his office won't be allowed to finish.

Despite the hip-deep molasses at Justice, the tempo is quickening. Tap your foot and watch this space. □

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DEMOCRATS ASSAIL REQUEST BY F.B.I.

Bureau Seeking to Question Five Senators Who Sought Inquiry Into Lobbyist

By MARTIN TOLCHIN

Special to The New York Times

WASHINGTON, May 7 — The Federal Bureau of Investigation has begun its investigation of Michael K. Deaver by seeking to question the five Democratic Senators on the Judiciary Committee who asked the Justice Department to investigate his lobbying activities.

Senator Joseph R. Biden Jr. of Delaware, the ranking Democrat on the committee, said he had protested the request as "inappropriate" in a telephone call and a letter to William H. Webster, Director of the bureau.

Another committee member, who declined to be named, said he considered the request an attempt at "harassment" and "intimidation."

Still another committee member, Senator Patrick J. Leahy of Vermont, attributed the request to overzealousness.

A Justice Department official said the F.B.I. request for interviews with the Senators was part of an informal investigation that preceded a preliminary investigation. The official also said a department request that a Federal court appoint an independent counsel was not imminent.

Questioning by House Panel

In a related development, Mr. Deaver has agreed to testify next week at a closed meeting of the Investigations Subcommittee of the House Energy and Commerce Committee.

Sources close to Mr. Deaver said he believed he had acted within the law, had nothing to hide and welcomed the opportunity to clear his name. Representative John D. Dingell, a Michigan Democrat who is chairman of the committee, had threatened to subpoena Mr. Deaver if he failed to appear.

Mr. Deaver, the former White House deputy chief of staff, is a close friend of President Reagan and his wife, Nancy. Shortly after leaving the White House last May, Mr. Deaver set up a lobbying concern that represents several foreign governments and both foreign and domestic companies. Congressional critics contend that he has exploited his relationship with the Reagans and officials in the Reagan Administration, and may have violated conflict-of-interest laws.

Mr. Deaver has asked that an independent counsel be appointed to investigate the charges. His request came after those by the Democratic Senators and by the Office of Government Ethics.

Questioning Called Routine

A Justice Department official who

declined to be named said the F.B.I. "routinely" questioned those who asked the bureau to investigate a matter to determine if they could provide additional information.

However, M. Elaine Mielke, general counsel to the House Judiciary Committee, said that procedure had not been followed in the recent case of committee Democrats who requested the appointment of an independent counsel to investigate Theodore B. Olson, a former Assistant Attorney General accused of having given false testimony about the withholding of documents by the Environmental Protection Agency from Congress in 1982 and 1983.

Steven Ross, counsel to the Clerk of the House, said he would have "kicked up quite a fuss and been very concerned at how inappropriate the request would have been."

Senators on the Judiciary Committee also disputed the bureau's assertion that the request for interviews was routine.

"It does not seem routine," Mr. Biden said in an interview. "I've been here for 14 years, and I don't ever recall that before. I don't know what the motivation was, but I think it's inappropriate."

The Senator said Mr. Webster had apologized for any offense taken at the bureau's request.

"I told Judge Webster that I thought I was speaking for all Democrats when I said that the F.B.I. should conduct its own investigation," Mr. Biden said. "If they want to talk to us after the fact, by all means call me."

Noting that the Democratic Senators had asked the bureau "to look at the allegations and see if there was any substance to them," Mr. Biden said he did not think the bureau's request to question the Senators "was appropriate, or that it was appropriate that the F.B.I. be so insistent — and that's what they've been, on speaking with me."

"I think it's inappropriate for several reasons," he continued. "I don't want it to look like we're interfering with their investigation or pushing or promoting their judgement. They should make an independent judgement."

G.A.O. Papers Requested

In another development, the bureau has requested the working papers developed by the General Accounting Office in its investigation of Mr. Deaver's lobbying activities and his role in moving the United States toward an agreement with Canada on curbing acid rain. The accounting office has complied, according to a senior official.

White House officials have acknowledged that Mr. Deaver participated in discussions about acid rain before he left his post as deputy chief of staff. He later was retained as a lobbyist by the Canadian Government at an annual fee of \$105,000.

Allan E. Gottlieb, the Canadian Ambassador to the United States, wrote Mr. Dingell that the Canadian Embassy's initial contacts with Mr. Deaver concerning a possible contract took place last May 18, two weeks after Mr. Deaver had left his White House post.

The Ambassador said the terms of the contract were approved last July for a one-year period. In the letter, dated May 6, Mr. Gottlieb said he was providing the information "on a voluntary basis."

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DEAVER-FBI
BY TIMOTHY BANNON

WASHINGTON (UPI) -- SEN. JOSEPH BIDEN HAS PROTESTED TO FBI DIRECTOR WILLIAM WEBSTER THE REQUESTS BY BUREAU AGENTS TO INTERROGATE SEVERAL SENATORS WHO ASKED FOR A JUSTICE DEPARTMENT REVIEW OF MICHAEL DEAVER'S LOBBYING ACTIVITIES, AN AIDE SAID THURSDAY.

IN A LETTER AND TELEPHONE CALL TO WEBSTER WEDNESDAY, BIDEN, D-DEL., SAID IT WAS INAPPROPRIATE FOR FBI AGENTS TO APPROACH HIM AND OTHER DEMOCRATIC SENATORS ON THE JUDICIARY COMMITTEE BEFORE THE BUREAU CONDUCTS ITS OWN INQUIRY, PETER SMITH, A BIDEN AIDE, SAID.

IN RECENT DAYS, FBI AGENTS HAVE APPROACHED ALL THE DEMOCRATIC MEMBERS OF THE COMMITTEE, OF WHICH BIDEN IS THE RANKING MINORITY MEMBER, SMITH SAID.

"WE REALLY DON'T HAVE ANYTHING TO PROVIDE IN TERMS OF INDEPENDENT INFORMATION," SMITH SAID. "OUR REQUEST TO THE JUSTICE DEPARTMENT WAS BASED ON PUBLISHED REPORTS."

THE FBI HAD NO IMMEDIATE COMMENT, BUT SMITH SAID WEBSTER TOLD BIDEN DURING THE TELEPHONE CALL THAT HE WAS SORRY IF THE SENATORS HAD BEEN OFFENDED.

BIDEN AND FOUR OTHER DEMOCRATIC MEMBERS OF THE JUDICIARY PANEL ASKED THE JUSTICE DEPARTMENT IN A LETTER LAST MONTH TO OPEN AN INQUIRY TO DETERMINE IF A SPECIAL COUNSEL SHOULD BE APPOINTED TO INVESTIGATE CONFLICT OF INTEREST ALLEGATIONS CONCERNING DEAVER'S LOBBYING SINCE LEAVING THE WHITE HOUSE.

THE OTHER DEMOCRATIC JUDICIARY MEMBERS WHO SIGNED THE LETTER -- SENS. PAUL SIMON OF ILLINOIS, HOWARD METZENBAUM OF OHIO, ROBERT BYRD OF WEST VIRGINIA AND PATRICK LEAHY OF VERMONT -- HAD NO IMMEDIATE COMMENT.

DEAVER, PRESIDENT REAGAN'S FORMER WHITE HOUSE DEPUTY CHIEF OF STAFF, IS THE TARGET OF ALLEGATIONS THAT HE MAY HAVE IMPROPERLY TRIED TO INFLUENCE POLICY DECISIONS BY ADMINISTRATION OFFICIALS TO BENEFIT HIS FIRM'S CLIENTS.

SMITH SAID BIDEN CONSIDERED "THE (FBI) MATTER OVER WITH, AND THE SENATOR TOLD WEBSTER THAT HE WOULD BE WILLING TO TALK TO THE AGENTS AFTER THEY COMPLETE THEIR OWN INDEPENDENT INVESTIGATION."

THE NEW YORK TIMES, WHICH FIRST REPORTED BIDEN'S PROTEST, SAID THE FBI ALSO HAS REQUESTED WORKING PAPERS FROM THE GENERAL ACCOUNTING OFFICE ON ITS INVESTIGATION INTO DEAVER'S LOBBYING WORK FOR CANADA.

A SPOKESMAN FOR THE GAO, CONGRESS'S INVESTIGATIVE ARM, SAID SHE COULD NOT IMMEDIATELY COMMENT ON THE REPORT.

THE GAO INQUIRY WAS REQUESTED BY REP. JOHN DINGELL, D-MICH., CHAIRMAN OF THE HOUSE ENERGY AND COMMERCE SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT.

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Deaver to face panel quizzing on conflicts behind closed doors

By George Archibald
and Myron Struck
THE WASHINGTON TIMES

When Michael K. Deaver appears before a House investigative panel next week, Rep. John D. Dingell intends to close the doors, says the Michigan Democrat's chief investigator.

The investigation into the lobbying activities of the former White House deputy chief of staff has become a political problem for Mr. Dingell, chairman of the House Energy and Commerce Committee.

Mr. Dingell had planned to interrogate Mr. Deaver, now a multi-million dollar lobbyist, in open session after receiving a General Accounting Office investigation of allegations of conflicts of interest in Mr. Deaver's conduct while in office.

After backstage negotiations between Mr. Dingell's aides and the GAO, it was decided that GAO officials would present the results of their investigation Monday in an open hearing and Mr. Deaver would appear May 16 in a closed session.

At the public session, GAO officials will testify about apparent conflict-of-interest involving Mr. Deaver's \$105,000-a-year Canadian contract on the controversial acid rain issue "and what they are sending to the Justice Department" for investigation, said Michael F. Barrett Jr., a senior Dingell aide.

The apparent conflicts-of-interest include:

- Mr. Deaver's active role in the White House in convincing President Reagan to make the appointment of a special acid rain envoy to Canada the focal point of the March 1985 summit meeting between Mr. Reagan and Canadian Prime Minister Brian Mulroney.

According to The New York Times, former Office of Management and Budget Director David A. Stockman and other current and former administration officials detailed Mr. Deaver's role in interviews prompted by the House and GAO investigations.

In an interview with the White House counsel's office, Mr. Stockman reportedly said Mr. Deaver was "actively involved in the special envoy approach and what would be in the charter for the special envoy" Drew L. Lewis, the U.S.

envoy, "had a 'secret mandate' to be accommodating to the Canadians," Mr. Stockman reportedly said.

- Mr. Deaver's role after he left the White House in steering the outcome of a joint report by the United States and Canadian envoys, issued last January, which proposed a \$5 billion U.S. acid rain clean-up program. The proposal, adopted by Mr. Reagan, was a complete reversal of previous administration policy.

An early roadblock in the Deaver probe was the Canadian government's refusal to provide any information about its contract negotiations with President Reagan's longtime aide and confidant and the subsequent agreement to hire Mr. Deaver as a consultant and lobbyist in Washington.

Yesterday, the House committee released a May 6 letter from Canadian Ambassador Allan Gotlieb, indicating that Mr. Deaver started contract discussions with the Canadian Embassy the day after he left the White House last year.

"Our initial discussion with Mr. Deaver about a possible contract was on May 16, 1985," Ambassador Gotlieb wrote. "The terms of the contract with Mr. Deaver were approved in July 1985 by the appropriate authorities of the Canadian government [the Department of External Affairs and the Treasury Board]."

"The contract covers the period July 1, 1985, to June 30, 1986," the ambassador said. "The approved final version was signed on Sept. 6, 1985. The delay in the signature of the contract was for administrative reasons, the terms of the contract having been agreed and approved in July."

According to the Justice Department, which by law keeps track of foreign agents in the United States, Mr. Deaver failed to register within the mandatory 10-day period after becoming a foreign agent for Canada.

Under terms of the contract sent to the House panel by Ambassador Gotlieb, Mr. Deaver was to receive his first quarterly payment of \$25,000 last July. But he did not register as a Canadian agent until Sept. 13.

The contract called for Mr. Deaver to provide the Canadians "expert guidance" and "expert ad-

vice" on a wide range of unspecified matters and "provide such advice and assistance as may be required by the Embassy in pursuit of Canadian interests generally in the United States."

In a related development, United Press International reported yesterday that Mr. Deaver's lobbying efforts for another foreign client were instrumental in an administration decision on sugar import quotas that ultimately cost U.S. taxpayers \$36 million.

Under contract to the Panama-based CBI Sugar Group, Inc., Mr. Deaver hired another lobbying firm — Heron, Burchette, Ruckert & Rothwell — to act as a lobbying intermediary to persuade Mr. Reagan to approve higher sugar import quotas than administration officials were recommending, according to his Justice Department filings.

According to UPI, Mr. Deaver split his \$300,000 fee from the Caribbean sugar conglomerate with Heron-Burchette.

UPI said James Lake, a former Reagan campaign official now with the Heron-Burchette firm, met with government officials on CBI's behalf.

"By using Lake as an intermediary, Deaver would avoid problems in complying with the Ethics in Government Act," the wire service said, citing an unnamed "expert on federal ethics laws."

Last September, under the federal price support program, Florida sugar growers were forced to forfeit \$82 million in sugar crops to the government just 17 days after President Reagan announced a sugar import quota of 185,000 tons — 65,000 tons more than the limit on foreign sugar imports recommended by agriculture economists and trade officials, UPI reported.

Late last year, the Commodity Credit Corp. resold less than half of the 290,000 tons of forfeited Florida sugar at a \$36 million loss to the government, according to congressional sources. The total taxpayer loss may be much higher because the CCC still holds 168,000 tons of the forfeited sugar crops, the sources said.

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Voice of the people

A 'lenient approach' to Deaver?

CHICAGO—Influence peddlers everywhere can take heart at the lighthearted tone The Tribune adopts toward Michael Deaver's apparent flouting of conflict-of-interest laws ["They're as busy as a Deaver," April 29]. Apparently, charges of buying and selling access to high government officials—those in the office of the President, for example—are not worth a major investigation because, according to The Tribune, "the amount of harm done is probably slight" and "publicity" will make the problem go away. Besides, "no conceivable set of laws will turn slick operators into public servants."

This lenient approach to scandalous behavior on the part of past or present government officials is extremely dangerous. If "the sharps," as The Tribune characterizes those who indulge in Deaver-style wheeling and dealing, are not

threatened with stringent enforcement of government ethics laws, no amount of publicity will succeed in stopping their sleazy activities. And while it is true that no law will turn shady operators into scrupulous public servants, that is no reason to abandon the law. We have laws prohibiting bank robbery; still banks are robbed.

If activities such as Mr. Deaver's are condoned, the public's already cynical view of our government as conducted by and for the rich and powerful will be further confirmed. I suggest, instead, that we reaffirm the critical importance of fairness and equal access as the basis for our democracy by strongly condemning and investigating his activities, and punishing him if he has violated the public trust.

Gary Snyderman

Common Cause/Illinois

The Washington Post _____
 The Washington Times _____
 Daily News (New York) _____
 The New York Times _____
 The Wall Street Journal _____
 The Chicago Tribune Sec 1, p 12
 The Los Angeles Times _____
 The Christian Science Monitor _____
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Sneed & O'Malley INC.

The Deaver dispute ...

Hold that contract! INC. hears the impending \$18 million sale of Mike Deaver's Washington-based political consulting firm may have fallen through because of his request for a special prosecutor to investigate allegations of conflict of interest. According to consulting industry sources, Deaver's negotiations with a British company, which were close to being sewed up, are unraveling. Deaver, President Reagan's former White House deputy chief of staff, still maintains close ties with the President. And the President is none too happy about Deaver's difficulty.

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 The Wall Street Journal _____
 The Chicago Tribune *Sect 1, p. 14*
 The Los Angeles Times _____
 The Christian Science Monitor _____
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The Nation

Deaver Agrees to Inquiry

Former presidential aide Michael K. Deaver agreed to be questioned behind closed doors by a House subcommittee investigating his lobbying activities since he left the White House. Deaver agreed to appear before the House Energy and Commerce oversight and investigations subcommittee on May 16, said Michael Barrett, the panel's counsel and staff director. The panel will ask the former deputy White House chief of staff about "a whole range" of issues, including Deaver's possible lobbying of the White House on behalf of clients of his firm, Michael K. Deaver & Associates.

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 The Chicago Tribune _____
 The Los Angeles Times sect 1, p. 2
 The Christian Science Monitor _____
 USA Today _____

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GAO findings on Deaver due

Justice Department may get data

Globe-Democrat news services

WASHINGTON — A government watchdog agency is expected to turn over its findings on former White House aide Michael Deaver to the Justice Department to see if laws were violated, two officials said Tuesday.

The General Accounting Office has been investigating the lobbying activities of Deaver, whose clients include Canada, South Korea, Puerto Rico and Saudi Arabia and industries.

"We would anticipate that they will turn it over to Justice," said Michael Barrett, staff director of a House Commerce subcommittee investigating Deaver. "It is our belief that they will," he added.

A GAO official also said the report is expected to be given to the Justice Department when it is sent to Congress. "My understanding is it will be," the official said.

THE GAO INQUIRY is focusing on allegations that President Reagan's former deputy chief of staff and longtime friend violated ethics laws by representing the United States as a government official and Canada as a private lobbyist on acid rain issues.

Canadian officials have resisted answering requests by GAO and congressional investigators for information on Deaver's contacts with top Canadian officials in early 1985 while he was working at the White House, one source said.

Some of the investigators' requests have been directed to Canadian Am-

bassador Allan Gottlieb, who in July 1985 signed the one-year, \$105,000 contract with Deaver's firm on behalf of his government.

The Canadians, who reaped a long-sought policy reversal from the Reagan administration on acid rain, were given until Tuesday to respond to investigators' requests, the source said.

BEFORE LEAVING his White House job, Deaver participated in a February 1985 meeting with top Canadian officials, after which each country named a special envoy on acid rain — a move sought by the Canadians.

Five months later, in July 1985, Deaver's Washington lobbying firm was retained by Canada.

Federal ethics laws bar senior government officials from some contacts with their former agencies on any matter the agency is dealing with for at least one year. It also bars them from personally lobbying the agency on matters they were directly and substantially involved with for two years after they leave government.

Deaver has denied wrongdoing and has asked the Justice Department to appoint an independent counsel to investigate the allegations, asserting such an inquiry will clear his name. He could not be reached Tuesday.

BESIDES DEAVER, five Democratic members of the Senate Judiciary Committee and the Office of Government Ethics also have asked the Justice Department to seek appointment of a special counsel to investigate

the allegations.

In their letter, the five senators pointed to reports about Deaver's dealings with Puerto Rico over tax preferences, South Korea over a steel import case settlement and Rockwell International's attempts to build more B-1 bombers as areas for investigation by a special prosecutor.

U.S. Attorney General Edwin Meese III, whose relationship with Deaver dates back to Reagan's California governor's days, withdrew from consideration as a special prosecutor.

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 The Chicago Tribune _____
 The Los Angeles Times _____
 The Christian Science Monitor _____

USA Today _____
 St. Louis Globe-Dem. p. 4A

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R. EMMETT TYRRELL

On finding people guilty by 'appearances'

WASHINGTON — Knowledgeable followers of the great game of politics realize that one of the gauges by which a politico is measured is embedded in the late Mayor Richard J. Daley's honored question, "What have you done for me lately?" Its assumption of shared obligation lends to the hum and drum of political organization a certain nobility, to say nothing of a certain effectiveness.

From all of the lurid charges that now glow above and about the words "Michael K. Deaver" one might think that this former White House aide and present PR prodigy did quite a lot during his White House years and for multitudes.

But hold! A glance at the indignant mobs now maneuvering to do him in suggests that Mr. Deaver did not do nearly enough. In theory, had Mr. Deaver sagaciously dispensed favors during his days at the Palace he would now be shielded by legions of grateful friends, all steadfast in defense of him and of the system that served them well. In fact, right-wingers and left-wingers, journalists and politicians — all are avid to lay him low.

IN TRUTH, MR. DEEVER was a very stingy dispenser of favors. Occasionally he may have winked fetchingly at a prospective client, but he was no great malefactor as will be proved in due course. He did have a talent for offending people. Many gifted politicians are possessed of an extraordinary charm. Theodore Roosevelt was born with it. Franklin Roosevelt learned it. Mike Deaver seems to have been born with its opposite.

Since the mid-1970s I have on numerous oc-

casions personally observed Mr. Deaver's mysterious knack for giving offense. Possibly it is a genetic defect. At any rate the consequences of his niggardliness and of his offensiveness are vividly observable in his present public trials.

I suspect that those innocent vessels of charm, Ronald and Nancy Reagan, recognized their loyal aide's weakness long ago, and that is one reason they have stood by him so loyally. But there is another reason for their fidelity. If Mr. Deaver never really has understood politics — not in the grand sense of clashing ideas and changing powers, nor in the pedestrian sense of shared obligations — he understood modern media politics.

What Camelot in the 1960s confected with fustian and the camera Mr. Deaver and his associates brought to the level of masterpiece. There were the timed speeches and staged events. There was the speech two years ago on a wind-swept summit in Normandy and then the legendary 1984 campaign. And consider our recent 12-minute raid on Libya. Has anyone noted that it began just as the evening news was getting underway and that it was over in time for the networks' scheduled commercials?

Critics carp that Mr. Deaver is still privy to the president's daily schedule. If he can do for me the wonders he has done for the president he can have my schedule too, and I shall even include a small gratuity.

Now, however, we hear that justice is hot on his trail. Soon a shocking corpus delicti will be heaved up and it will be the gallows for this rogue, or at least confinement and hard labor. Well, devotees of Puritan justice ought not to get their hopes up. Maybe Mr. Deaver will be found

guilty of high crimes or perhaps only a minor statutory violation will be hung on him. Then too, as with so many other recent ephemeral scandals, the scandalizer may get off scot-free.

THE PRESS HAS GOTTEN us in a lather over the alleged infamies of 110 Reagan administration eminences, and what have we the people got to show for it? Only six were ever indicted. Two were acquitted. Two were juggled. And two still await trial. By this measurement the entire Reagan administration compares rather more favorably than one Democratic family prominent in the last presidential election. Asserting that no other administration has had so many of its appointees accused of impropriety, administration critics claim that we should hold it suspect. Actually if one weighs the puny outcome of all these accusations we are more justified in holding these wanton accusers suspect.

What is it that this administration and that this rogue Deaver are guilty of? It is not the old-style graft, the critics admit, but rather the "appearance of impropriety." Well, beauty is in the eye of the beholder, and in an age utterly bereft of standards, appearances are simply a matter of taste. What appears as uniquely grasping to Democrats might well appear to Republicans as typical Democratic behavior practiced more efficiently.

It is ironic that Mr. Deaver — a master at creating appearances for pols — is, along with the Reagan administration, being condemned on the grounds of mere appearances. And, mirabile dictu, those condemning him are utterly unaware of how they appear, to wit: as mere political opportunists.

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 The Chicago Tribune _____
 The Los Angeles Times _____
 The Christian Science Monitor _____
 USA Today _____
St. Louis Globe-Dem. _____
P. 9A _____
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Trade Office Reviewing Role of Deaver Lobbyist

Ex-Colleagues Allegedly Were Contacted

By Howard Kurtz
Washington Post Staff Writer

The Office of the U.S. Trade Representative is looking into allegations that one of its former senior officials, now a lobbyist for Michael K. Deaver, contacted her former colleagues on behalf of Deaver's foreign clients, a spokesman said yesterday.

Doral S. Cooper, who resigned her \$72,300-a-year post last August as assistant U.S. trade representative for Asia, Africa and the Pacific, is covered by the federal law that prohibits senior officials from lobbying their former agencies for one year, ethics officials said.

But Pamela G. Bailey, a spokesman for Michael K. Deaver & Associates, said a report in The Washington Times that Cooper had repeatedly lobbied her former agency was "absolutely false.... Doral Cooper had no contacts of a substantive nature with the U.S. Trade Representative's office that were reportable under the Foreign Agents Registration Act or were prohibited under the Ethics in Government Act."

Deaver, who resigned last May as White House deputy chief of staff to form a multimillion-dollar consulting firm, is already under investigation because of allegations that he may have violated federal conflict-of-interest laws in lobbying executive branch officials. The Justice Department is considering

Deaver's request that an independent counsel be named to investigate the allegations, which Deaver, a longtime friend of President Reagan, says are groundless.

Roger Bolton, spokesman for the U.S. Trade Representative's office, said the office has begun an inquiry into whether Cooper lobbied trade officials in violation of federal ethics laws. Cooper, like other members of Deaver's firm, is registered as a foreign agent.

Deaver has met twice with Clayton Yuetter, the U.S. trade representative, on behalf of foreign clients, according to Bolton, who said there was nothing unusual about such meetings. He said Deaver spoke to Yuetter about South Korea's desire to resolve two cases brought by the office that accuse the country of unfair trading practices.

Bolton said the office's lawyers ruled that the meetings with Deaver did not violate ethics rules because the Cabinet-level agency, which is under the Executive Office of the President, is not considered part of the White House. Bailey said a similar finding that the president's Office of Management and Budget is not part of the White House made it proper for Deaver to meet with OMB Director James C. Miller III on behalf of Rockwell International.

Another Deaver lobbyist, Lisa Barry, who resigned Jan. 1 as special assistant to the deputy U.S. trade representative and joined

Deaver six days later, repeatedly contacted trade officials on behalf of foreign clients, according to trade officials. But Bailey and ethics officials said Barry is not covered by the one-year ban on lobbying her former agency because she was not sufficiently senior in rank.

Bill Merkin, the deputy assistant trade representative responsible for Canada, said he frequently discusses U.S.-Canadian trade relations with Barry and that she bought him breakfast at the Hay-Adams Hotel in January. He said he understood Barry was not covered by the lobbying ban. Bolton said Barry is prohibited only from discussing a specific matter she handled while at the trade representative's office.

Deaver's filings with the Justice Department show contacts with other Cabinet officials which, while not illegal, portray a firm with a high degree of top-level access:

■ In January, Deaver's firm twice contacted Commerce Secretary Malcolm Baldrige on behalf of South Korea regarding a department case that accused that coun-

try of unfairly "dumping" photo albums on the U.S. market. Deaver's firm has had \$725,000 in contracts with South Korean interests, some of which have been terminated.

■ In February, Deaver's firm twice contacted Treasury Secretary James A. Baker III—who was Deaver's immediate superior when Baker was White House chief of staff—on behalf of Panama-based CBI Sugar Group, which is concerned about U.S. sugar import quotas. The firm also contacted Secretary of State George P. Shultz on the sugar issue in February. CBI Sugar has paid Deaver's firm \$300,000.

■ In October, the firm contacted Deputy Treasury Secretary Richard G. Darman, who was Baker's deputy at the White House, on Canada's behalf. Canada has a \$105,000-a-year contract with Deaver's firm.

Deaver's firm also contacted leading Treasury Department enforcement officials 28 times in four months in an effort to help South Korea's Daewoo Corp. settle a \$25 million customs fraud case.

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DEAVER

BY TIMOTHY BANNON

WASHINGTON (UPI) -- A FORMER U.S. TRADE OFFICIAL HIRED BY LOBBYIST MICHAEL DEAVER, UNDER FIRE FOR HIS BUSINESS ACTIVITIES SINCE LEAVING THE WHITE HOUSE, HAS PICKED UP MEAL TABS WHILE LOBBYING HER EX-COLLEAGUES, TRADE OFFICIALS SAID THURSDAY.

TWO OFFICIALS AT THE U.S. TRADE REPRESENTATIVE'S OFFICE, BILL MERKIN AND ROBERT REINSTEIN, ACKNOWLEDGED TO UNITED PRESS INTERNATIONAL THAT THEY WERE TREATED TO MEALS BY DEAVER EMPLOYEE LISA BARRY, WHO LEFT A \$42,000-A-YEAR JOB AS AN INTERNATIONAL ECONOMIST FOR THE TRADE OFFICE IN JANUARY.

MERKIN IS A DEPUTY ASSISTANT U.S. TRADE REPRESENTATIVE AND REINSTEIN IS THE DIRECTOR OF THE TRADE OFFICE'S ENERGY AND PETROCHEMICAL TRADE POLICY DIVISION. BOTH DENIED ANY IMPROPRIETIES IN ACCEPTING THE MEALS.

IT WAS NOT IMMEDIATELY CLEAR WHETHER THE MEETINGS WERE PROPER UNDER RULES GOVERNING EXECUTIVE BRANCH EMPLOYEES' ACCEPTANCE OF MEALS FROM LOBBYISTS OR OTHER INDIVIDUALS OUTSIDE OF GOVERNMENT.

THE TRADE OFFICE'S ETHICS OFFICIAL, MICHAEL HATHAWAY, SENIOR DEPUTY GENERAL COUNSEL, WAS NOT AVAILABLE FOR COMMENT. AGENCIES SET THEIR OWN GUIDELINES FOR COMPLYING WITH ETHICS IN GOVERNMENT ACT IN ACCEPTING MEALS AND OTHER ITEMS OF VALUE. MOST AGENCY GUIDELINES DISCOURAGE OR PROHIBIT EMPLOYEES FROM ACCEPTING MEALS.

PAMELA BAILEY, A FORMER WHITE HOUSE OFFICIAL WORKING AT DEAVER'S LOBBYING FIRM, SAID DEAVER HAD NO IMMEDIATE COMMENT ON THE LATEST DISCLOSURE OF HIS FIRM'S APPROACHES TO FEDERAL AGENCIES. BARRY WAS NOT AVAILABLE.

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NERKIN SAID HE MET BARRY, 30, FOR BREAKFAST AT THE POSH HAY ADAMS HOTEL IN WASHINGTON ON JAN. 30 AND DISCUSSED "WHAT WAS HAPPENING ON THE U.S.-CANADIAN TRADE FRONT." RECORDS SHOW, HOWEVER, THAT DENVER'S FIRM BILLED CLIENTS FROM NORTH KOREA FOR THE \$28.68 BILL.

REINSTEIN SAID HE MET BARRY FOR LUNCH ON FEB. 28 AT THE LE GAULOIS RESTAURANT IN WASHINGTON TO DISCUSS OIL IMPORT FEES "THAT WOULD BE OF INTEREST TO THE MEXICANS."

REINSTEIN, CONFIRMING BARRY PAID THE \$31.66 TAB, ASSERTED THERE WAS NOTHING IMPROPER ABOUT THE LUNCH BECAUSE THE TRADE OFFICE WAS NOT IN THE PROCESS OF RECOMMENDING ANY CHANGE TO PRESIDENT REAGAN ON IMPORT FEE POLICY.

REINSTEIN SAID IT IS CUSTOMARY FOR THE "PRIVATE SECTOR" TO PICK UP THE BILL AT SUCH MEETINGS WITH TRADE OFFICIALS.

THE WASHINGTON TIMES REPORTED THURSDAY THAT A SECOND FORMER TRADE OFFICIAL, DORAL COOPER, 37, A FORMER ASSISTANT U.S. TRADE REPRESENTATIVE, HAS FREQUENTLY LOBBIED TRADE OFFICIALS, SINCE LEAVING HER \$67,000 FEDERAL JOB IN AUGUST 1985. SHE JOINED MICHAEL K. DENVER & ASSOCIATES A MONTH LATER.

DENVER, THE FORMER WHITE HOUSE DEPUTY CHIEF OF STAFF AND LONG-TIME FRIEND OF PRESIDENT REAGAN AND HIS WIFE, NANCY, IS THE SUBJECT OF AN INVESTIGATION BY THE GENERAL ACCOUNTING OFFICE, THE INVESTIGATIVE ARM OF CONGRESS, AND A PRELIMINARY INQUIRY SUPERVISED BY THE JUSTICE DEPARTMENT'S PUBLIC INTEGRITY SECTION UNDER THE ETHICS ACT. THAT LAW PROVIDES FOR APPOINTMENT OF AN INDEPENDENT COUNSEL IF SUCH AN INQUIRY PRODUCES EVIDENCE THAT TENDS TO SUBSTANTIATE ALLEGATIONS OF CRIMINAL VIOLATIONS BY RANKING GOVERNMENT OFFICIALS.

SENIOR GOVERNMENT OFFICIALS ARE BARRED FOR ONE YEAR FROM LOBBYING THEIR FORMER AGENCIES ON ISSUES IN WHICH WERE PERSONALLY OR SUBSTANTIALLY INVOLVED.

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 DEAUVER
 BY JOAN MOWER

WASHINGTON (AP) -- FORMER WHITE HOUSE AIDE MICHAEL K. DEAUVER AND EMPLOYEES OF HIS LOBBYING FIRM CONTACTED HIGH-LEVEL OFFICIALS ON BEHALF OF FOREIGN CLIENTS, WHOM THEY ENTERTAINED AT TONY RESTAURANTS AND TRAVELED ABROAD TO SEE, GOVERNMENT DOCUMENTS SHOW.

AMONG THE PEOPLE DEAUVER HAS HIRED ARE WILLIAM SITTMANN AND PAMELA BAILEY, FORMER WHITE HOUSE OFFICIALS, AND LEE VERSTANDIG, FORMER CHIEF OF STAFF TO FIRST LADY NANCY REAGAN.

DEAUVER, 48, AN INTIMATE OF PRESIDENT REAGAN AND HIS WIFE, IS UNDER INVESTIGATION FOR ALLEGATIONS HE VIOLATED CONFLICT-OF-INTEREST LAWS AFTER LEAVING THE WHITE HOUSE.

A GLIMPSE INTO THE OPERATIONS OF MICHAEL K. DEAUVER AND ASSOCIATES -- ESTABLISHED LAST MAY BY THE ONETIME WHITE HOUSE DEPUTY CHIEF OF STAFF -- IS REVEALED IN DOCUMENTS FILED WITH THE JUSTICE DEPARTMENT UNDER THE FOREIGN AGENTS REGISTRATION ACT.

THE REGISTRATION ACT REQUIRES FIRMS TO DESCRIBE ACTIVITIES ON BEHALF OF A FOREIGN CLIENT, BUT THEY DO NOT SPECIFY WHICH EMPLOYEE PERFORMED WHICH FUNCTION AND THEY DO NOT COVER DOMESTIC CLIENTS.

DEAUVER'S FIRM, ACCORDING TO DOCUMENTS FILED WITH THE JUSTICE DEPARTMENT FOR THE SIX MONTHS ENDING MARCH 18, LISTS AS CLIENTS THE DAEWOO CORP., A SOUTH KOREAN STEEL-MAKER WHICH ALLEGEDLY VIOLATED U.S. IMPORT RESTRICTIONS; THE CBI SUGAR GROUP INC., A CONSORTIUM OF LATIN AMERICAN AND CARIBBEAN SUGAR PRODUCERS BASED IN PANAMA CITY, PANAMA; THE ROYAL EMBASSY OF SAUDI ARABIA; MEXICO'S MINISTRY OF COMMERCE AND INDUSTRIAL DEVELOPMENT; AND THE INTERNATIONAL CULTURAL SOCIETY OF KOREA.

THREE CLIENTS -- THE KOREA BROADCASTING ADVERTISING CORP., AND THE GOVERNMENTS OF SINGAPORE AND SOUTH KOREA -- TERMINATED THEIR RELATIONSHIPS WITH DEAUVER IN EARLY 1986, THE FORMS SHOWED.

THE CBI SUGAR GROUP INC. PAID DEAUVER \$300,000 OVER FIVE MONTHS, AND THE ROYAL EMBASSY OF SAUDI ARABIA PAID HIM \$125,000 ON FEB. 18.

CANADA, WHICH SIGNED A \$105,000-A-YEAR AGREEMENT, PAID MORE THAN \$50,000 ON NOV. 7 AND \$25,000 SIX WEEKS LATER.

IN EXCHANGE, THE CLIENTS' SAW THEIR CAUSES TAKEN UP WITH HIGH-RANKING OFFICIALS, ALONG WITH A RANGE OF BUREAUCRATS AND CONGRESSIONAL AIDES.

FOR CBI, THE DEAUVER COMPANY CONTACTED A NUMBER OF PEOPLE "RELATING TO IMPLEMENTATION OF THE SUGAR IMPORT PROVISIONS OF THE 1985 FOOD SECURITY ACT," THE PAPERS SHOWED.

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DEAVER

BY TIMOTHY BANNON

WASHINGTON (UPI) — MICHAEL DEAVER'S LOBBYING FOR CANADA'S ACID RAIN POSITION "WAS NEXT TO NOTHING," BREW LEWIS, THE U.S. ENVOY ON THE ISSUE, SAID MONDAY, ADDING THAT DEAVER DID NOT RETURN HIS CALLS "THROUGHOUT MY ASSOCIATION WITH THE ADMINISTRATION. I HAD LITTLE OR NO CONTACT WITH MIKE DEAVER," LEWIS SAID IN HIS FIRST PUBLIC STATEMENTS ON THE ALLEGATIONS SWIRLING AROUND DEAVER, THE FORMER WHITE HOUSE AIDE AND HIS LOBBYING FIRM.

"IF MIKE DID ANYTHING TO HELP, HE DIDN'T MAKE IT CLEAR TO ME," LEWIS SAID IN A TELEPHONE INTERVIEW FROM HIS NEW YORK OFFICE.

LEWIS, CHAIRMAN OF THE UNION-PACIFIC RAILROAD, TURNED HIS "TOTALY INACCURATE" PUBLISHED REPORTS THAT DEAVER, WHILE WORKING AT THE WHITE HOUSE, URGED HIM TO ACCEPT THE SPECIAL ENVOY POST ON ACID RAIN, A STICKLING POINT IN U.S.-CANADIAN RELATIONS.

HE NEVER TOLD ME ANYTHING ABOUT HIS GOING TO THE U.S. TO ACCEPT THE SPECIAL ENVOY POST, LEWIS SAID.

AFTER DEAVER LEFT AS DEPUTY WHITE HOUSE CHIEF OF STAFF IN THE SPRING OF 1985 TO OPEN HIS WASHINGTON LOBBYING FIRM, LEWIS SAID, DEAVER MADE NO EFFORT TO INFLUENCE HIM IN HIS NEGOTIATIONS WITH THE CANADIAN GOVERNMENT.

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"I DON'T THINK HE WAS HELPFUL IN TERMS OF THE REPORT," LEWIS SAID.

"I DIDN'T EVEN KNOW HE REPRESENTED CANADA UNTIL AFTER MY APPOINTMENT," LEWIS SAID. "THAT'S HOW STUPID I WAS, BUT I WAS NEVER INVOLVED IN THIS WASHINGTON LOBBYING THING."

THE REPORT CONTAINED RECOMMENDATIONS ON A MULTIMILLION DOLLAR ACID RAIN CLEANUP, POSITIONS CLOSER TO OFFICIAL CANADIAN POLICIES THAN THE REAGAN ADMINISTRATION'S.

IN THE REPORT, LEWIS AND WILLIAM DAVIS, CANADA'S ACID RAIN ENVIRONMENTALIST, SUGGESTED THE CLEANUP EFFORT, WHICH WAS EMBRACED BY REAGAN, WHO EARLIER HAD EXPRESSED DOUBT ABOUT THE VALIDITY OF ACID RAIN STUDIES AS THE CAUSE OF DAMAGE TO WILDLIFE, FORESTS AND LAKES IN THE NORTHEASTERN UNITED STATES AND IN CANADA.

ONCE THE REPORT'S RECOMMENDATIONS CRYSTALLIZED, LEWIS SAID, HE ATTEMPTED TO ENLIST REAGAN'S ASSISTANCE IN PROMOTING IT.

"I CHECKED WITH HIM TO TRY TO PUSH THIS THING, AND HE NEVER RETURNED THE PHONE CALL," LEWIS SAID.

"IT SEEMS TO ME THAT AS A WAY TO DO ABOUT NOTHING, HE JUST SAID, 'I'M IN WASHINGTON AND I KNOW THERE NEEDS TO BE SOMETHING DONE ABOUT THIS PROBLEM.'"

LEWIS AND DAVIS, WHO MADE THE REPORT, ALLEGATIONS HE DID NOT BELIEVE, WERE SENIOR ENVIRONMENTALISTS FROM LOUISIANA AND NEW YORK, LEAVING GOVERNMENT SERVICE.

GENERAL LEWIS HAD BEEN ASKED BY THE DEMOCRATS AND THE REPUBLICANS ON THE SENATE COMMITTEE TO INVESTIGATE THE ALLEGATIONS AGAINST DENVER.

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DEAVER

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WASHINGTON (AP) -- LOBBYIST MICHAEL K. DEAVER ASKED ATTORNEY GENERAL EDWIN KEESE III TODAY TO APPOINT A SPECIAL PROSECUTOR TO INVESTIGATE ALLEGATIONS THAT HE VIOLATED CONFLICT-OF-INTEREST LAWS AFTER LEAVING HIS JOB AS AN AIDE TO PRESIDENT REAGAN.

"I BELIEVE ELEMENTARY DUE PROCESS AND FAIRNESS TO ME AND MY FAMILY REQUIRE APPOINTMENT OF AN INDEPENDENT COUNSEL," DEAVER SAID IN A STATEMENT RELEASED BY HIS OFFICE.

"WHILE I AM GRATEFUL FOR THE PRESIDENT'S CONTINUING SUPPORT, THE CLIMATE HAS BECOME SUCH THAT THIS IS THE ONLY WAY TO RESOLVE THE ISSUE FAIRLY," HE SAID.

CONGRESS SET UP THE SPECIAL PROSECUTOR'S PROCEDURE "AS THE MEANS BY WHICH PERSONS IN MY POSITION CAN HAVE SUCH ALLEGATIONS WEIGHED AND RESOLVED BY EXPERIENCED, IMPARTIAL AND THOROUGH EXAMINATION," DEAVER SAID.

DEAVER'S OFFICE ALSO RELEASED A LETTER FROM HIS ATTORNEY, HERBERT J. MILLER JR., TO KEESE, SEEKING APPOINTMENT OF AN INDEPENDENT COUNSEL.

ON FRIDAY, DAVID MARTIN, HEAD OF THE OFFICE OF GOVERNMENT ETHICS RECOMMENDED TO KEESE THAT A SPECIAL PROSECUTOR LOOK INTO DEAVER'S BUSINESS DEALINGS.

THERE HAVE BEEN ALLEGATIONS THAT DEAVER VIOLATED THE LAW BY LOBBYING ON ISSUES WHICH HE HANDLED WHILE IN THE WHITE HOUSE.

FEDERAL CONFLICT-OF-INTEREST LAW PROHIBITS FORMER TOP OFFICIALS FROM LOBBYING FOR TWO YEARS ON ISSUES THAT WERE DIRECTLY UNDER THEIR PURVIEW DURING THEIR FINAL YEAR IN OFFICE. ADDITIONALLY, THE OFFICIALS CANNOT LOBBY COLLEAGUES WITH WHOM THEY WORKED IN THE SAME OFFICE FOR ONE YEAR.

DEAVER, 48, WAS REAGAN'S DEPUTY CHIEF OF STAFF. HE LEFT THE WHITE HOUSE A YEAR AGO TO OPEN UP A LOBBYING FIRM THAT IMMEDIATELY ATTRACTED A RANGE OF FOREIGN AND DOMESTIC CLIENTS, INCLUDING THE GOVERNMENTS OF CANADA, SAUDI ARABIA AND MEXICO. AMONG THE CORPORATIONS THAT HIRED DEAVER ARE ROCKWELL INTERNATIONAL CORP., PHILIP MORRIS AND CBS.

THE SUCCESS OF DEAVER'S FIRM, MICHAEL K. DEAVER & ASSOCIATES, PROMPTED INQUIRIES INTO THE BUSINESS. DEAVER, A LONG-TIME FRIEND OF BOTH PRESIDENT AND MRS. REAGAN, KEPT HIS WHITE HOUSE PASS AND HAS BEEN RECEIVING THE PRESIDENT'S DAILY PRIVATE SCHEDULE.

AMONG THE ALLEGATIONS AGAINST DEAVER ARE THAT HE TOOK A KEEN INTEREST IN ACID RAIN MATTERS BEFORE HE LEFT HIS JOB AS DEPUTY WHITE HOUSE CHIEF OF STAFF. SHORTLY AFTER LEAVING PUBLIC OFFICE, DEAVER SIGNED A \$135,000 CONTRACT WITH THE GOVERNMENT OF CANADA TO ADVISE IT ON ACID RAIN AND OTHER ISSUES.

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DEAVER: 1ST ADD (N057)

DEAVER HAS CONSISTENTLY DENIED ANY WRONGDOING.

IN TODAY'S STATEMENT, HE REITERATED THAT POSITION. "THE GREATEST HONOR IN MY LIFE HAS BEEN TO SERVE THE PRESIDENT OF THE UNITED STATES," HE SAID. "I HAVE SOUGHT TO DO SO TO THE BEST OF MY ABILITIES. "I HAVE ALSO ENDEAVORED BOTH DURING AND AFTER THAT SERVICE TO COMPLY WITH ALL THE ETHICAL RULES AND REGULATIONS CONCERNING GOVERNMENT EMPLOYEES."

REAGAN, WHO IS SO CLOSE TO DEAVER PERSONALLY THAT HE DESCRIBED DEAVER'S LEAVING THE WHITE HOUSE AS akin to an "amputation," HAS ALSO DEFENDED HIS FORMER RIDE.

IN LOS ANGELES FRIDAY, REAGAN SAID IT WAS "RIDICULOUS" TO APPOINT A SPECIAL PROSECUTOR TO INVESTIGATE DEAVER'S DEALINGS.

BUT DEAVER'S LOBBYING HAS SPARKED INTENSE INTEREST ON CAPITOL HILL. REP. JOHN DINGELL, D-MICH., CHAIRMAN OF THE HOUSE ENERGY AND COMMERCE COMMITTEE, ASKED FOR A GENERAL ACCOUNTING OFFICE INVESTIGATION. THE GAO, THE CONGRESSIONAL WATCHDOG AGENCY, IS EXPECTED TO COMPLETE ITS REPORT IN ABOUT A WEEK.

DINGELL ALSO PLANS TO HOLD HEARINGS ON THE LOBBYING BEFORE A HOUSE SUBCOMMITTEE.

LAST WEEK, FIVE DEMOCRATIC SENATORS ON THE SENATE JUDICIARY COMMITTEE ASKED FOR THE APPOINTMENT OF A SPECIAL PROSECUTOR.

AND SEN. STROM THURMOND, R-S.C., CHAIRMAN OF THAT COMMITTEE, PLANS TO CONDUCT A HEARING TUESDAY ON LOBBYING PRACTICES TO SEE IF THE LAWS NEED TO BE TIGHTENED BETWEEN MOVING IN AND OUT OF GOVERNMENT AND BUSINESS.

THURMOND HAS INTRODUCED A BILL THAT WOULD MAKE IT MORE DIFFICULT TO TOP GOVERNMENT OFFICIALS TO GO INTO BUSINESS AND MAKE USE OF THEIR INSIDE KNOWLEDGE AND CONTACTS.

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DEAVER

UPDATE 040

BY TIMOTHY BANNON

WASHINGTON (UPI) -- FORMER WHITE HOUSE AIDE MICHAEL DEAVER ASKED ATTORNEY GENERAL EDWIN MEESE TO OPEN A WATERGATE-STYLE INVESTIGATION MONDAY OF CHARGES HE VIOLATED CONFLICT OF INTEREST LAWS, BUT MEESE PULLED HIMSELF OUT OF ANY DEPARTMENT PROBE CONCERNING HIS LONGTIME FRIEND.

IN A STATEMENT, DEAVER SAID "ELEMENTARY DUE PROCESS AND FAIRNESS" REQUIRE THE APPOINTMENT OF AN INDEPENDENT COUNSEL TO PROBE THE CHARGES HE VIOLATED FEDERAL LAWS RESTRICTING HIS OUTSIDE LOBBYING FOR A YEAR AFTER HE LEFT THE WHITE HOUSE.

"WHILE I'M GRATEFUL FOR THE PRESIDENT'S CONTINUING SUPPORT, THE CLIMATE HAS BECOME SUCH THAT THIS IS THE ONLY WAY TO RESOLVE THE ISSUE FAIRLY," DEAVER SAID IN A LETTER TO MEESE.

AT A NEWS CONFERENCE, HOWEVER, MEESE TOLD REPORTERS HE WOULD HAVE NOTHING TO DO WITH ANY JUSTICE DEPARTMENT PROCEEDINGS ON THE MATTER.

"BECAUSE OF MY LONG ASSOCIATION WITH MR. DEAVER THAT GOES BACK ALMOST 20 YEARS TO CALIFORNIA, I HAVE DETERMINED TO RECUSE MYSELF IN ANY PROCEEDINGS IN THIS MATTER."

MEESE DECLINED TO COMMENT ON THE STATUS OF THE INVESTIGATION. THE DECISION ON WHETHER TO APPOINT A WATERGATE-STYLE PROSECUTOR NOW GOES TO MEESE'S NEXT IN COMMAND, LOWELL JENSEN.

UPI 04-28-86 01:35 PED

Weather

Tuesday-Sunny, warmer. High near 80. Low to light around 55.
Saturday-Sunny and warm. High near 80. Wind south 10-15 mph.
Yesterday, AQI: 40. Temperature range 42-69. Details on Page C2.

The Washington Post

109TH YEAR No. 141

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FRIDAY, APRIL 25, 1986

Origins of Deaver-Canada Tie Detailed

Democratic Senators Ask Meese to Check Propriety of Actions

tions in Bonn, West Germany. Deaver left the White House on May 10, 1985, after the Bonn summit and President Reagan's trip to Europe.

William Fox, chief spokesman for Canadian Prime Minister Brian Mulrooney, said yesterday, "That is an unsubstantiated allegation," which he described as "not true."

Fox said that "the very first discussion about this contract" between Deaver and Canada "occurred on May 16, 1985," when Canada's ambassador to the United States, Allan E. Gottlieb, approached Deaver.

Asked whether there were any discussions about Canada retaining Deaver before then, he said, "My information is no."

Deaver signed a \$105,000-per-year contract with Canada on July 1 to provide advice to Canadian officials on matters involving the United States, including acid rain pollution, an issue that Deaver had been involved in before the Reagan-Mulrooney meeting.

Yesterday, five Democratic members of the Senate Judiciary Committee, including Minority Leader Robert C. Byrd (W.Va.), asked Attorney General Edwin Meese III "to determine whether or not to apply for an independent counsel to investigate allegations of possible violation of federal criminal statutes by Mr. Michael Deaver."

The senators were referring to conflict-of-interest legislation gov-

By David Hoffman and Herbert H. Denton
Washington Staff Writers

Former deputy chief of staff Michael K. Deaver was still working in the White House when he first talked with Canadian government officials about signing up Canada as a client for the Washington lobbying firm he planned to establish, according to a knowledgeable Canadian source.

"Yes, I know there were discussions, certainly before Deaver left the White House," the source said.

The source said he thinks that the discussions took place between the March 1985 U.S.-Canada summit in Quebec City and the May 1985 summit of industrialized na-

British Believe U.S. Was Target of Bomb

By Karen DeYoung
Washington Post Staff Writer

LONDON, April 24—Police suspect a bomb that exploded outside a British Airways office in central London early this morning was intended for the American Express facility located inside, sources close to the investigation said.

shattering windows in a block-wide area, police said.

[Police reported that the explosion might have been caused by a car bomb, and that it occurred at 7:28 a.m. (12:28 a.m. EST). The Associated Press reported. There were no immediate reports of casualties.]

There was widespread acknowledgment by British officials and

Justice Dep Recommends Waldheim I

By John M. Goshko
Washington Post Staff Writer

The Justice Department official responsible for investigating Nazi war crimes has recommended that former U.N. secretary general Kurt Waldheim be barred from the United States because of charges that he was involved in World War I atrocities against Yugoslav partisans, department sources said yesterday.

However, the sources emphasized that the recommendation by Neal Sher, head of the department's Office of Special Investigations, is only an advisory opinion and that Attorney General Edwin Meese III will have to decide whether to follow Sher's advice.

Department spokesmen, reflecting awareness of the political and diplomatic implications of the proposed action against Waldheim, who is running for president of Austria, refused all comment last night except to say that "no conclusion have been reached. Nor has any review taken place at any decision making level."

According to the sources, the means only that the matter will not reach the decision-making stage until it moves up through the channels of the criminal division, which Sher's office is a part, and reaches Deputy Attorney General



MICHAEL K. DEAVER
... signed \$105,000-a-year contract

erning the conduct of senior officials and former officials.

Asked for comment yesterday, a Deaver spokesman said, "Michael Deaver, A14, Col. 4



T. DEEVER CHRONOLOGY

Jan. 3, 1985: Reagan announces that Deaver will be leaving the White House "in the general time frame of March to May, 1985." At the time there was no announcement of what Deaver would be doing once he left.

Feb. 28, 1985: Deaver meets with Fred Doucet, adviser to Canadian Prime Minister Brian Mulroney, on acid rain and upcoming U.S.-Canadian summit meeting, sources say.

May 10: Deaver leaves the White House.



Canadian Prime Minister Mulroney, above. Banner protesting acid rain, far right.

Mid-September: Deaver acquires \$105,000-a-year contract to represent Canada on acid rain and other issues.

STOP ACID RAIN
GREENLAND

Jan. 8, 1986: Acid rain report released.

Oct. 25: Deaver, Doucet, Canadian Ambassador Alan Gotlieb and Davis meet with U.S. envoy Lewis at the River Club in New York to discuss progress of the report and timing of its release, sources say.



former secretary of transportation Lewis

March 17: Reagan and Mulroney announce they have named special envoys, Drew Lewis for the United States and William G. Davis for the Canadians, to investigate acid rain and make recommendations within a year.

Mid-March: U.S. and Canada agree on a new joint effort to study the acid rain issue, sidestepping a politically sensitive issue at the Reagan-Mulroney summit beginning March 16.



Reagan and Deaver outside the Oval Office

Deaver, at White House, Talked With Canadians

DEAVER, From A1

Deaver has provided the White House with all requested information in compliance with the Ethics in Government Act. Mr. Deaver is confident that a presentation of the complete set of facts will show his absolute integrity while in public service and private business.

"We are seeing a familiar process starting up in which anonymous statements by so-called knowledgeable sources are portraying events in a false or distorted fashion," the statement said. "We prefer to deal with these allegations in the official investigations that are now pending."

The spokesman said Deaver would not respond to specific questions about his business relationship

paign in the United States, the officials said.

Several Canadian officials insisted that there was not an expectation that Deaver would deliver something on acid rain in exchange for Canada's contract when he left office. But the officials also said Deaver was involved in the discussions on acid rain before the March 16-17, 1985, meeting between Reagan and Mulroney.

Deaver has said his involvement in these internal White House discussions was part of his regular duties.

The Canadian officials said Deaver's interest in acid rain stemmed from his desire to have a successful summit meeting. "He didn't want Reagan to come up to Canada and look like a bum," said one official.

steel-maker involved in a trade dispute and his representation of Puerto Rico on tax breaks for businesses there.

Under the independent counsel law, the senators' request means that Meese must determine whether there is enough evidence to warrant an FBI investigation or tell the senators why not. If a preliminary investigation is done, Meese would then have to decide whether there is enough evidence for him to ask a special court to appoint an independent counsel.

The General Accounting Office and the Office of Government Ethics also are examining whether Deaver violated conflict-of-interest laws in the acid rain matter. The GAO is acting at the request of Rep. John D. Dingell (D-Mich.), chairman of the House Energy and Commerce Committee.

Congressional sources yesterday said White House counsel Peter J. Wallison told the GAO in a letter April 15 that he did not want to respond to part of the GAO's inquiry on the Deaver matter. The reason, the letter said, is that "certain un-



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THURSDAY, APRIL 24, 1986*

WASHINGTON, D.C.

By George Archibald
THE WASHINGTON TIMES

Michael K. Deaver, the former deputy chief of President Reagan's staff who for the past year has run a multimillion-dollar lobbying business, receives a copy of the president's confidential schedule every day, say White House sources.

The schedule, considered to be highly sensitive information with extraordinary security implications, is delivered daily.

"Only a handful of people in the White House itself have this schedule," one official said. "They're so detailed that about the only thing they don't include are the times the president goes to the john. It's supposed to be very confidential and very closely held."

Mr. Deaver, who worked for the Reagans for 18 years and describes himself as "best friend" of the president and first lady, has received considerable attention in recent weeks. Critics have accused him selling his

President's confidential delivered to Deaver eve

access to the president.

Because of the controversies, the British-based public relations conglomerate Saatchi & Saatchi, which reportedly was ready to pay \$18 million to acquire Michael K. Deaver & Associates, has informed Mr. Deaver that it is no longer interested in buying, a close associate said.

According to a White House source, Mr. Deaver obtains the details of Mr. Reagan's workday and other documents from Frederick J. Ryan Jr., director of presidential appointments and scheduling.

Mr. Deaver was Mr. Ryan's boss at the White House until he left last May to set up

his consulting business.

White House security precautions have been considerably tightened since the U.S. air strike against Libya and outside distribution of the detailed schedule has raised eyebrows, sources said.

"The terror network would love to get hold of it," said one long-time observer of the international scene. "My God, the security implications of spreading that thing around are mind-boggling."

Yesterday, the White House press office distributed a four-page partial "tentative summary schedule" of Mr. Reagan's itinerary for his April 24-May 7 trip to the

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largest companies in the country. Mr. Ney said. "We are a medium-sized minority company, about 90 people, but we bid [a proposal] we thought was good."

"We were not even given the opportunity to plead our case face-to-face," he said.

Elaine Melmed, director of the Fund for Education and Human Services, said she was never told when the bids were opened and had no information on who had won the contract.

"We were never advised of the bid opening or told who won, and we never received any comments on why we lost, if indeed we did," she said.

According to Miss McCarley, she and others at Terrific Inc. spent nearly a month writing the bid proposal. She said they applied for the

as to why the bid was not accepted. "They owed us at least that," she said.

DISC held four DHS contracts in 1985 totaling \$1,181,082. According to documents provided under the Freedom of Information Act, the company in 1983, when it was known as the Granville Corp., was paid \$200,000 to write a financial management system handbook for use by the staff of the Commission of Public Health. The handbook consists of 217 typewritten pages in a paper binder.

Also in 1983, the documents show, the District paid Granville \$50,000 for a three-month review of the supply management system of the Commission of Public Health. It consists of 56 pages, also in a paper binder.

DEAVER

From page 1A

a longtime White House insider. Most of the president's staff and the White House press corps receive only a skeletal outline that does not list most of Mr. Reagan's private meetings and personal activities, the source said.

The documents Mr. Deaver is receiving are so detailed that they include all Mr. Reagan's activities and private meetings — including the subject matter of meetings, identities of staff and outside visitors with whom he meets, the president's itinerary in and out of the White House complex, the times he spends in his private residence, and other logistical information, sources said.

"That information could be parlayed into a lot of bucks, no question about it," said a longtime Republican public relations expert.

"If I was playing the game of romancing wealthy clients, I would want that advance knowledge of the president's activities for strategic reasons and for name-dropping purposes," said one source.

"The impression that he [Mr. Deaver] is a super-insider is what he is selling. The schedules can be used to uphold the image. Having that

mittee, the General Accounting Office and the Office of Government Ethics for possible conflict-of-interest in several areas involving apparent crossover between matters he handled at the White House and his current lobbying and consulting activities.

One apparent conflict, according to government officials, is a \$105,000-a-year contract he signed with the government of Canada just six weeks after leaving office.

The Wall Street Journal reported yesterday that David H. Martin, director of the Office of Government Ethics, believes that Mr. Deaver might have violated conflict-of-interest laws while representing Canada on the controversial acid-rain issue. Mr. Martin said he expects to ask the Justice Department to investigate.

Among Mr. Deaver's high-paying foreign clients is the government of Saudi Arabia, which has given moral and financial support to the Palestine Liberation Organization. The PLO's extremist faction practices terrorism and has links to Libya's Muammar Qaddafi.

Mr. Deaver also has contracts to consult and lobby for the governments of Mexico, South Korea, Singapore, Canada, and a number of foreign and U.S. corporations.

Mr. Deaver was allowed to keep his White House pass when he left

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Deaver Role in Talks on Acid-Rain I

By David Hoffman
Washington Post Staff Writer

The General Accounting Office has been told that former White House deputy chief of staff Michael K. Deaver met with a top adviser to Canadian Prime Minister Brian Mulroney in February 1985 to discuss plans to appoint special envoys on acid rain at an upcoming U.S.-Canadian summit, informed sources said yesterday.

Deaver met with Fred Doucet, a senior adviser to Mulroney, on Feb. 28, 1985, the sources said. The

Reagan's March 17-18 meeting with Mulroney in Quebec City, where they announced agreement to appoint special envoys from each country on the acid-rain problem.

After leaving the White House last May, Deaver signed a contract to represent Canada on acid rain and other issues for \$105,000 a year.

Deaver then attended an Oct. 25 meeting at the River Club in New York with the two special envoys, former transportation secretary Drew Lewis and former Ontario

ing to an informed source and Canadian Ambassador Gotlieb also attended the the source said.

Deaver's role in these and in the selection of the envoys on acid rain is being scrutinized by the GAO at the request of Rep. John D. Dingell (D-Mich.), chairman of the House Education and Commerce Committee. Deaver's February meeting with Doucet was mentioned in a letter sent to the GAO last week by White House counsel Peter J. Waller.

Deaver Role in Talks on Acid-Rain Envoys Out

DEAVER, From A1

Canadian Embassy spokesman John Fieldhouse, asked about Doucet's meeting with Deaver, said: "We believe it would be inappropriate to comment at this stage on an internal U.S. communication between the White House and GAO."

Also yesterday, David H. Martin, director of the Office of Government Ethics, was quoted by The Wall Street Journal as saying he expects to ask the Justice Department to investigate whether Deaver violated criminal conflict-of-interest laws in the acid-rain matter. Martin did not respond to repeated telephone calls to his office.

At the Oct. 25 meeting, Lewis

outlined for the Canadians what he had done so far on the acid-rain issue, the source said. Lewis said he wanted to publish the report in early January, and raised the question of whether Mulroney's planned visit to Washington in March of this year should be scheduled earlier, the source said.

Deaver was involved in the discussion on the timing of the summit and the release of the report, according to the source, who added that Deaver did not seek to influence the report's content. Mulroney's visit to Washington was not moved up.

Canada had been seeking stronger U.S. action to combat acid rain, a pollution problem that many experts say is harming forests, lakes

and wildlife in the northeastern United States and Canada.

Lewis and Davis, his Canadian counterpart, later recommended a more aggressive acid-rain cleanup program. Reagan, who had resisted such an approach, shifted his position and endorsed their report.

Sources who participated in the internal discussions leading up to last year's appointment of special envoys on the acid-rain issue said Deaver played an active role.

Wallison's letter to the GAO was based on interviews with administration officials. It quoted some as saying that Deaver was interested in the public-relations aspects of the Reagan-Mulroney meeting, and others as saying he tried to change Reagan's policy on acid rain.

According to a source on condition of anonymity, Deaver was the internal liaison between the White House and the GAO.

"Out of the blue, [Mulroney] summit and here comes a report on acid-rain issue and through the secretary's office, who's going to negotiate with a pre-ordained we would have a meeting. Deaver was just in that."

The participants in the fight over whether envoys should be named was decided, the source said, was, what was the emissary? Was it

Justice Department Investigation Of Deaver Is Likely to Be Sought

Senior Ethics Official Asks If Former Reagan Aide Has Conflict of Interest

By EDWARD T. POUND

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—The senior ethics official in the Reagan administration said he expects to ask the Justice Department to investigate whether former top White House aide Michael K. Deaver violated criminal conflict-of-interest laws.

David H. Martin, the director of the Office of Government Ethics, said in response to a question that his plan was to refer information on Mr. Deaver to the Justice Department this week.

Mr. Martin said he was concerned that the former deputy White House chief of staff, now a lobbyist, might have violated post-employment conflict-of-interest laws while representing Canada on the controversial acid-rain issue. Mr. Deaver, who couldn't be reached by phone yesterday, has previously denied any wrongdoing.

Mr. Martin said he was awaiting one piece of information from the General Accounting Office, the congressional watchdog agency, before making his final decision. The GAO is conducting an investigation of Mr. Deaver's work for the Canadian government, and



Michael K. Deaver

Mr. Martin said the agency has been cooperating with his office. The GAO also is considering requesting a Justice Department inquiry, but a spokeswoman emphasized that the agency had much more work to do before making its decision.

If Mr. Martin follows through, his request would put political pressure on the Justice Department, headed by Mr. Deaver's old White House colleague Edwin Meese, to recommend appointment of an independent counsel to investigate Mr. Deaver.

Acid-Rain Talks

Mr. Martin said his plan to refer the Deaver matter for a criminal inquiry was based, in part, on his review of a report from the White House counsel's office that documents Mr. Deaver's participation in White House discussions on acid-rain before he left the government last May. Mr. Deaver later signed up several foreign clients, including Canada, which retained his lobbying firm, Michael K. Deaver & Associates, for \$100,000 under a one-year contract.

The ethics office staff has been reviewing whether Mr. Deaver violated conflict laws that prohibit former senior officials from conducting business with their former agencies for one year. Another provision bars them for two years from representing a client before any government agency in matters that were under their jurisdiction in their final year of government service.

Mr. Martin said he expects to forward the fact-finding report from White House counsel Peter J. Wallison to the Justice Department, along with "supporting materials" supplied to him by Mr. Wallison. The Wallison report, prepared at the request of Mr. Martin and the GAO, essentially summarizes interviews by Mr. Walli-

son's staff with former and current White House aides who were involved in the acid-rain discussions last year.

The Wallison report indicates that the discussions led to the appointment of a special U.S. envoy on acid rain—an appointment favored by Canada, which long has wanted the U.S. to take a stronger position on cleaning up acid rain.

\$5 Billion Proposal

The U.S. envoy, Drew Lewis, and a Canadian envoy earlier this year proposed that the U.S. government and industry spend \$5 billion to reduce acid rain by finding cleaner technologies for burning coal. President Reagan endorsed the plan, which far exceeded previous administration cleanup proposals.

If Mr. Martin goes ahead, his request presumably could lead to the appointment of an independent counsel under the Ethics in Government Act of 1978. The Justice Department wouldn't be required to conduct an inquiry on the basis of a referral from Mr. Martin. But, if it does, it has 90 days to complete a preliminary investigation, and the attorney general could then request a special federal court to appoint an independent counsel.

The attorney general, Mr. Meese, worked closely with Mr. Deaver at the White House. What's more, the two men used the same accountant for their private business affairs.

Meese Review Questioned

John Russell, a Justice Department spokesman, said that if Mr. Martin refers the Deaver matter to the department, it isn't clear whether Mr. Meese would have to withdraw from reviewing it.

Mr. Martin's ethics office was created under the 1978 ethics law. Its duties include reviewing financial disclosure forms filed by many executive branch officials and evaluating potential ethical problems.

The GAO investigation of Mr. Deaver's activities on the acid rain issue was re-

quested by Rep. J. Michael, chairman of a subcommittee. According to the chief congressional subcommittee looking into Mr. Deaver's activities and plans to in a few weeks.

Mr. Deaver has said that he discussed the U.S. envoy, Mr. Lewis, with the White House. But he said the decision didn't involve the acid-rain report preparation and his Canadian counterpart. The timing of its release is a Post account.

Nine Are Interviewed

In reviewing Mr. Deaver, while a member of the White House counsel's office, nine high-level officials, including David Gergen, director of the Office of Management and Budget, and two of Mr. Deaver's former advisers, Craig Fuller, Vice President of the Department of Defense, and the planning for President Reagan's 1985 summit with Canadian Prime Minister Brian Mulroney.

Several officials said they participated in White House discussions last year about whether Mr. Deaver should be appointed as a special envoy to the acid rain problem with Canada. The counsel's report, that Mr. Deaver pursue the "smooth approach" to the summit and that he accept as a way of showing cooperation with the Canadians.

A Stockman aide, now deputy chief of staff to the counsel's office, turned from one White

Public Takes Sides in Staged 'Crisis'

Lobbying by Ex-Reagan Aides Leads to Calls

Continued From Page A1

Public relations experts emerge in a field long dominated by lawyers, some publicizing their contacts, clients and fees. That is a change from the traditional lobbyists, who work to influence legislation without paying fingerprints.

Something must be done to clarify and expand the confusing mish-mash of laws now regulating Federal employees who leave their official duties to pursue careers lobbying the Federal Government," Senator Thurmond said. "People should work in the Federal Government as a way to serve their country and their fellow citizens, and not to gain information and access that is then used to influence issues for the benefit of the client."

Senator Lawton Chiles, Florida Democrat, says "the time is ripe for oversight hearings," while John D. Dingell, the Michigan Democrat who heads the House Energy and Commerce Committee, has begun his own investigation.

Senator David Pryor, Democrat of Arkansas, said the Congressional reaction was rising. "It's an explosion about to happen," Senator Pryor said. "We're seeing an inordinate amount of foreigners trying to buy influence in this Administration."

Deaver and Others Join the Group

Congressional concern has been heightened by the lobbying efforts of Michael K. Deaver, former deputy White House chief of staff, who is an intimate of Mr. Reagan and his wife, Nancy. Mr. Deaver has been negotiating an \$18 million deal to sell his lobbying firm, which he founded less than a year ago. His fledgling company repre-



Associated Press

Michael K. Deaver, former deputy White House chief of staff. His lobbying efforts have heightened Congressional concern.

analyze and strategize. They're very helpful."

As a White House aide, Mr. Deaver helped move the United States toward an agreement with Canada on acid rain. Mr. Deaver has said his attendance at White House discussions on acid rain were a part of his regular duties. He has denied any wrongdoing and said his activities had no bearing on his subsequent contract.

At a recent news conference, Mr. Reagan defended Mr. Deaver while at the same time questioning the motives of lobbyists who represent foreign governments. "They don't become my favorite person if they do that," Mr. Reagan said.

Mr. Allen, the President's former national security adviser, who has been a Washington lobbyist.

win subcommittee chairmanships.

Mr. Waxman is chairman of the House Energy and Commerce Subcommittee on Health and the Environment, while Mr. Wolpe is chairman of the House Foreign Affairs Subcommittee on Africa. In each case, lobbyists arranged for influential individuals to press their member of Congress to vote for Mr. Waxman or Mr. Wolpe for the chairmanship.

To professional lobbyists, the goal is not merely the victory or defeat of legislation, but the insertion or deletion of a phrase or a clause in a bill, or even a key paragraph in the accompanying legislative report.

Like many traditional lobbying firms, some former Reagan officials have created companies that help both Democrats and Republicans. For example, Peter Kelly, former finance chairman of the Democratic National Committee, has joined Messrs. Black, Manafort and Stone in one of their two firms. This firm has aided Democratic Senate candidates in Louisiana, Vermont and Florida, while another Black, Manafort and Stone firm has aided their Republican opponents.

"There are two different companies doing two different things," Mr. Stone explained.

Partners in the second Black, Manafort and Stone concern are advising rival candidates for the Republican Presidential nomination. Mr. Stone is a top adviser of Representative Jack F. Kemp; Mr. Black is an adviser to Senator Bob Dole, and Mr. Atwater, a partner, is advising Mr. Bush.

Concern in Congress Voiced by Wide Range

Congressional concern over the lobbying efforts of former Reagan Administration officials has been expressed by Republicans and Democrats, liberals and conservatives.



United Press International

Richard V. Allen, former national security adviser, who has been a Washington lobbyist.

Deaver and I have known him longer than anyone else in the Administration," Mr. Reagan said. He said Mr. Deaver had never "put the axe" for any favors and that the criticism has resulted "because he's darned successful, and deserved."

Mr. Deaver has not been shy in publicizing his contacts and achievements. He was the subject of a recent story by Time magazine. His leagues in lobbying fear he may create a backlash that could affect lobbyists.

Tommy Boggs, one of the city's leading Democratic lobbyists, said "There's a genuine concern among some of us that the kind of rip-off of this thing will result in legislation. We may be facing a serious k."

The Road to Deavergate

WASHINGTON

Senator Joseph Biden, Democrat of Delaware, has assembled the necessary "majority of the members" of the Senate Judiciary Committee to request that Attorney General Michael Deaver consider asking for court appointment of independent counsel to investigate the pursuit of clients by Michael Deaver.

Senators Biden, Metzenbaum, D'Amico and Leahy (not Kennedy) may pass the measure and the investigation.

But they must determine if evidence exists that justifies outside counsel. The Justice Department has an Attorney General's office and a group of special attorneys to represent the government.

The independent investigation is headed by Judge M. Lee and Mr. Deaver. The investigation is located in the White House, located in the White House. The investigation is located in the White House.

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The investigation is located in the White House. The investigation is located in the White House. The investigation is located in the White House. The investigation is located in the White House. The investigation is located in the White House.

An outside investigation is needed

McFarlane were uncharacteristically forgetful. Mr. Kim, in the U.S. last week, refused to take my calls or meet with House investigators. (Whistle-blower: send smoke signal.)

2. Acid Rainmaking. Professing no interest in substance for years, White House aide Deaver took a deep interest in ties with Canada. Over the protest of state Department professionals, the President's image-maker urged Mr. Reagan to appoint a special negotiator on acid rain, which Canada wanted; I suspect Mr. Deaver then pressed for the appointment of Drew Lewis, who was more likely to be accommodating than the harder-line Ed Harper.

At a River Club meeting on the regattas in New York on Oct. 25, 1985, which included a Lewis aide, Linda Godsen Robinson, Mr. Deaver was present representing Canada at \$100,000 yearly; Mr. Lewis tells me that the Deaver suggestions were mainly about the timing of the report and that no minutes were made of the meeting. His visit to Mr. Deaver's office early this year was for a Reagan Foundation meeting.

3. The New Air Force One. The current plans dates to the Nixon era. A fight is shaping up between Boeing and McDonnell Douglas over who will build the next Presidential aircraft and its backup, at an authorized cost of \$1.1 billion each.

Last October, Boeing hired Michael Deaver. According to P.R. director Harold Carr, the purpose of retention is for "advice on international issues affecting commercial sales" and "advice on how to improve the image of the defense industry generally."

What about help to get the Air Force One contract? "He provides input regarding the aircraft's interior configuration," says Boeing, "such as accommodations for the President and his staff, guests, press requirements."

Sure. This design "input" is presumably not available from the Air Force, but requires inside tips from the Reagans' best friend on what makes them comfortable. Boeing, like CBS, refuses to confess to the usual \$350,000 annual retainer it pays to Deaver Associates, but if Mr. Deaver's unique understanding of Nancy Reagan's taste in cabin color schemes leads to a contract, the cost to Boeing of Deaver will be borne by the taxpayers. (That would pay for six hundred \$600 toilet seats.)

The House has already cut the money out of Pentagon appropriations on grounds of extravagance; the Senate will restore it. Did Mr. Deaver ask the Reagans about their preferences for the next Air Force One? Will the President be involved in the choice of Boeing or its competitor?

We will know more when the Reagan image-tarnisher no longer has the luxury of brushing off inquiries. Unless Mr. Deaver exercises his rights under the Fifth Amendment, he should have to answer, under oath, questions put by an independent counsel.

The access-peddling route is no longer being slugged off. As Senator Biden puts it, "the issue is public trust in government." □

Reagan Aides' Lobbying Leads to Calls for New Rules

By MARTIN TOLCHIN
Special to The New York Times

WASHINGTON, April 16 — Congress-
critics of lobbying by some for-
White House officials are consid-
new rules to limit lobbyists' ac-
s.

Congressional scrutiny follows
rift success of former Reagan Ad-
ministration officials as lobbyists who
times work for foreign govern-

two years. High-ranking officials
would be barred from ever represen-
ing foreign interests.

New attention is being given to the
issue because lobbyists are providing
growing representation for foreign
clients, including governments, and as

Continued on Page B9, Column 1

ut a score of former governmen-
campaign aides with close ties to
lent Reagan have earned large
representing dozens of blue-chip
etic and foreign clients, including
governments of Japan, South
Saudi Arabia, Canada, the Do-
in Republic, Singapore, Mexico,
da, the Netherlands Antilles and,
scently, the Marcos Government
Philippines.

Visible Legislation Explored

ying is a well-established prac-
Washington, and what the for-
ministration aides are doing is
so long as they follow certain
For example, their most visible



New 'Revolving Door' Restrictions Proposed

As questions mount about the special influence of White House aide-turned-lobbyist Michael K. Deaver, the Senate's senior Republican is preparing legislation to place sweeping new restrictions on federal employees who take jobs as lobbyists upon leaving the government.

Strom Thurmond, R-S.C., chairman of the Senate Judiciary Committee, announced April 9 that he is drafting a bill to prohibit departing federal employees from lobbying anyone in the government for one year, or working for a foreign government or business for two years.

The bill also would prevent certain Cabinet-level officials from ever representing or advising foreign entities, his aides said.

The 1978 Ethics in Government Act (PL 95-521) bars mid- to high-level officials from representing anyone before their former agency for one year after leaving government. The law permanently bars officials from representing anyone in connection with an issue they had direct involvement with while in government.

Efforts since then to tighten the restrictions have focused on Defense Department procurement officials. The House Judiciary Committee approved a bill (HR 2554) March 11 that would bar some Pentagon officials from accepting employment with defense firms for two years after leaving government. (1978 *Almanac* p. 840; 1985 *Weekly Report* p. 551; 1986 *Weekly Report* p. 608)

Though details of Thurmond's bill have yet to be worked out, he said he wants to restrict lobbying by members of Congress and the Judiciary, as well as by executive branch officials.

"I think he wants this interpreted

versy surrounding Deaver, who resigned in May as White House deputy chief of staff and has since become a highly successful lobbyist and public relations consultant for corporations and foreign governments.

Thurmond appears more concerned about lobbyists representing foreign governments on trade issues. South Carolina is a major producer of textiles, and U.S. textile firms see a threat from cheap foreign imports.

Thurmond was told that some foreign governments were privy to U.S. strategy for upcoming negotiations to renew the Multifiber Arrangement (MFA), which governs textile trade agreements between countries. Thur-

"I'm trying to protect the American people."

—Sen. Strom Thurmond, R-S.C.

mond is concerned that competing foreign countries may have obtained confidential information by hiring lobbyists who used to work for trade agencies, such as the U.S. Trade Representative and the State Department.

"That made him about as mad as I've ever seen him," said Mark Goodin, Thurmond's press secretary.

Thurmond declined to discuss the textile trade issue specifically.

"I have always believed it was improper for people to hold high positions in the government and then turn right around and use that position for profit," Thurmond said. "I'm trying to protect the American people."

Both Republican and Democratic Judiciary Committee members said they would favor tougher laws on lob-

industries is a more serious problem. "Deaver doesn't necessarily provide a better case [for tougher laws]," Grassley said. "If you look below the obvious cases, they're peanuts compared to the abuse in the Defense Department."

But Orrin G. Hatch, R-Utah, complained that Thurmond's bill would be nothing more than an attempt to "legislate morality." Yet he conceded that it had a good chance of passage because most legislators would be embarrassed to argue against it.

"It's the type of thing people would vote for even if they think it's ridiculous," he said. "It's probably one of those things that would just sluice through here on that basis."

Debate Over Deaver

Deaver's activities are so controversial because, in addition to his professional connection to the administration, he also is a longtime personal friend of President and Nancy Reagan.

The General Accounting Office is investigating his lobbying activities for the Canadian government, which won reversal of the president's policy on acid rain. (*Weekly Report* p. 675)

Deaver also met with James C. Miller III, director of the Office of Management and Budget, on behalf of Rockwell International Corp., which wants to continue production of the B-1 bomber after the first 100 are completed in 1988. The administration is considering dropping the B-1 in favor of the Stealth bomber, manufactured by Northrop Corp.

Deaver has said he was never involved with acid rain policy while working for the president. He said he abides by the laws restricting improper contacts and was advised that meeting with OMB officials for instance was

SAY | William Safire

NY Times

4-11-86

The Acid Rainmaker

WASHINGTON

Mike has never put the arm on me," said Mr. Reagan in defense of Michael Deaver, "I sought any influence from me; he has been out of government." How soon they forget. On Nov. 6, six months after Mr. Deaver left the White House, Mr. Reagan signed a letter drafted for by Michael Deaver to Baseball Commissioner Peter Ueberroth that in part: "In its efforts to bring baseball back to the nation's capital, the U.S. Commission on Baseball has support. . . ."

How much money is involved in a baseball franchise. Mr. Deaver, to my knowledge, received only out-of-pocket expenses for his work on behalf of the promoters of a team in the Midwest. Did Mr. Deaver deliver the valuable Presidential support because he loved baseball — or because he hopes to be remembered with a contract if a franchise ever comes to pass? Floating bread upon the waters of the powerboat is a Deaver specialty. While in the Reagan White House, he cultivated Hong Kong shipping magnate Y.K. Pao, inviting him to the Reagan's State Dinner for President Marcos. I suspect this helped the later. Mr. Deaver visited the White House in Seoul advancing a

Michael Deaver's ins and outs

office of Public Integrity in the Justice Department into rereading 18 U.S. Code 209 on conflict of interest, and 5 Code of Federal Regulations 737.13 and 737.31 for the O.M.B. loophole.

While on the inside, Mr. Deaver also massaged the Canadian Government. A former Cabinet member recalls Mr. Deaver, at a summit meeting in 1981, advising President Reagan to ignore Prime Minister Trudeau's plea for acid rain relief; four years later, with a Canadian contract less than a year away, Mr. Deaver pressed for the appointment of a commission (and recommended the chairman, Drew Lewis) that delivered what the new Prime Minister wanted. The lobbyist claims now to know nothing of acid rain.

On the outside cashing in, Mr. Deaver, client-hunting in Asia within a year of his White House departure, arranged for Kim Kihwan, head of

for his potential clients; she refused. That's just tie-tacky, not illegal.)

Mr. Deaver seems to be riding high, and many fear to cross him (not The Washington Times, which is running circles around its crosstown rival on this story). But into each career a little acid rain must fall:

T.W.A.'s previous management hired the Deaver firm last year to get the Reagan White House to help stop Carl Icahn's takeover; Mr. Icahn, who took over, does not plan to renew the \$350,000 contract in May. CBS's president, Thomas Wyman, who caused the dismissal of seven CBS News employees last year to offset the payments in V.P. William Lilley's contract with Mr. Deaver, will be called on to explain to the CBS board next week why so much money was wasted in vainly currying White House favor in seeking legislation to oppose Ted Turner. (You won't see that on "60 Minutes.") And although Mr. Deaver registered in anticipation of representing Singapore, that Government — in the light of current publicity — has decided against retaining the firm.

The Reagans' dear friend professes no worry about my suggestion last week of a special counsel's investigation: "I'm no longer in the Government," he said. "And I think that's a law that applies to everyone."

Deaver Suggested Job to Official Probing His Lobbying Activities

By Edward T. POUND
and Monica LANGLEY

Staff Reporters of The WALL STREET JOURNAL

WASHINGTON—A former top presidential aide, Michael K. Deaver, last month asked departing White House counsel Fred Fielding to consider joining his Washington lobbying firm while Mr. Fielding's staff was reviewing whether Mr. Deaver had violated conflict-of-interest laws.

Mr. Fielding said yesterday in response to a question that Mr. Deaver asked him to "think about joining" the lobbying firm, Michael K. Deaver & Associates, Mr. Fielding said that he wasn't interested and that "we never discussed it further."

The disclosure of the discussions between Messrs. Fielding and Deaver comes as Mr. Deaver's lobbying activities are drawing increasing attention here.

Mr. Deaver, who represents a number of foreign clients, served as deputy White House chief of staff until last May. He was known as the aide who was closest to President and Mrs. Reagan, and he continues to have close ties to them.

Some critics, including Democrats on Capitol Hill, believe Mr. Deaver has used his access to the first family to build a lucrative practice. And some White House officials fear that continued controversy over Mr. Deaver's lobbying could embarrass the president.

But last night at his news conference, President Reagan staunchly defended Mr. Deaver. "I have utmost faith in the integrity of Mike Deaver," Mr. Reagan said. He said his former aide "has never put the arm on me." Maybe the criticism stems from the fact that he has "just been darn successful," Mr. Reagan said.

Mr. Fielding said he withdrew from any participation in the White House review of Mr. Deaver's activities and in handling any responses to a House panel that has been looking into Mr. Deaver's lobbying efforts. He said he recused himself after he was contacted in late February by a vice president of the Deaver firm who suggested that he and Mr. Deaver meet.

'Abundance of Caution'



Michael K. Deaver

abundance of caution. It was well known that I was leaving the White House, and I wanted to mitigate any potential appearance of insensitivity on Deaver's part."

Mr. Deaver was reported to be out of the country and couldn't be reached for comment. But a vice president of the Deaver firm, William Sittmann, also a former White House aide, said he saw nothing improper in Mr. Deaver's discussion with Mr. Fielding. Mr. Sittmann, who said he suggested the meeting after having lunch with Mr. Fielding in late February, said the discussion in Mr. Deaver's Washington office was informal. He added that "no money, no position was discussed."

Mr. Sittmann described the Fielding-Deaver meeting as nothing more than "a couple of friends getting together chit-chatting."

Questions about Mr. Deaver's lobbying activities first emerged last October, when the Washington Post reported that Mr. Deaver, while in the White House, persuaded the Reagan administration to appoint a special envoy to study the acid-rain problem with the Canadian government. The move was favored by Canada, and the newspaper said that Mr. Deaver later signed up the Canadian government as one of his first lobbying clients after he left the White House.

Talk With Envoy Reported

Mr. Deaver was quoted by the newspaper as saying he had talked to the special U.S. envoy, Drew Lewis, about the acid-rain issue on behalf of the Canadian government.

Last December, Rep. John D. Dingell (D., Mich.), chairman of a House investigations subcommittee, asked the General Accounting Office—Congress's watchdog agency—to investigate Mr. Deaver's work for the Canadian government.

Mr. Fielding's White House staff, at the request of the separate U.S. Office of Government Ethics, also was reviewing Mr. Deaver's actions in the acid rain case to determine whether he violated post-employment conflict-of-interest laws. That review isn't complete.

The conflict laws prohibit former senior officials from conducting business with their former agencies for one year. Another provision bars them for two years from representing a client before any government agency in matters that were under their jurisdiction in their final year of government service.

FSLIC Ex-Chief Assails S&L Links To the Bank Board

By LEON E. WYNTER

Staff Reporter of The WALL STREET JOURNAL

WASHINGTON—The former director of the troubled Federal Savings and Loan Insurance Corp. said that close ties between the Federal Home Loan Bank Board and the thrift industry stand in the way of solving the insurance fund's problems.

Peter Stearns, the former FSLIC director, said in an interview that the insurance fund must be recapitalized from the industry's own resources, but the Bank Board is unwilling to press Congress for the power to impose such a solution. The FSLIC is an arm of the Bank Board. Mr. Stearns said that as FSLIC director, he made many trips with Bank Board Chairman Edwin Gray to get support for such a plan from top California thrift executives, only to be rebuffed.

"We must have gone out to California a half dozen times to show the same numbers to the same S&L executives about how serious the (problems) with the fund were. They'd look up at the ceiling and they'd say, 'Well, we don't have any reason to believe these numbers. Bring us another set,'" Mr. Stearns said. "Meanwhile, the fund was eroding."

Mr. Stearns, a Wall Street investment banker, quit as head of the deposit insurance fund last October after a little more than a year on the job. He is scheduled to testify today before a House subcommittee; he said his testimony would focus on how the Bank Board's use of regulatory accounting techniques allows it to keep hundreds of insolvent thrifts operating and masks the FSLIC's weaknesses.

The House Energy and Commerce Committee's oversight subcommittee begins a series of hearings today on federal bank regulators' plans to allow troubled com-

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White House spokesman said that the name of the bill is still in the works.

Mr. Martin said he expects to release a report from the White House soon.

In addition to the steel trade case, Rep. Dingell is investigating Mr. Deaver's representation of South Korean steel interests, according to congressional aides. The subcommittee is specifically looking at Mr. Deaver's contacts with the Treasury Department, including the Customs Service, and the Commerce Department and has requested documents from both agencies, staffers said.

The congressional investigators are reviewing Mr. Deaver's role in negotiating a settlement for Daewoo Corp., a big South Korean steel maker, in a trade case involving alleged violations of U.S. import restrictions. The investigators plan to evaluate the fairness of Daewoo's settlement, reports of additional violations by Daewoo, and whether Mr. Deaver and Treasury officials were aware of those reports at the time of the settlement negotiations, subcommittee aides said.

Settlement Offer Pending

A Customs spokesman confirmed that Daewoo had submitted a settlement offer of \$12 million but said it has been neither rejected nor accepted. A Treasury spokesman said the department is reviewing the offer. Mr. Sittmann said, "I know he (Mr. Deaver) has dealt with people at Customs."

Congressional investigators also are looking into "a broad range" of contacts between Mr. Deaver and Commerce Department officials, including an alleged "special briefing" on Korea given to Mr. Deaver, a staff member said. A Commerce Department official confirmed that Mr. Deaver got a briefing, but he said that anyone in business might be able to get such a briefing. Mr. Sittmann said he couldn't comment on Mr. Deaver's contacts with the Commerce Department because he has no detailed knowledge of them.

According to documents filed with the Justice Department, Mr. Deaver's firm represents Daewoo for a fee of \$250,000 a year. It also represents the International Cultural Society of Korea; this contract, which the documents say includes "services to the government of South Korea," is for \$475,000 a year.

Meanwhile, Mr. Deaver also is negotiating to sell the Michael K. Deaver lobbying firm. Mr. Sittmann said the firm has reached an agreement in principle to be acquired by Saatchi & Saatchi, a big British advertising and public-relations firm, for as much as \$18 million. Terms now being discussed would make the acquisition contingent on performance guarantees over a seven-year period; currently, the



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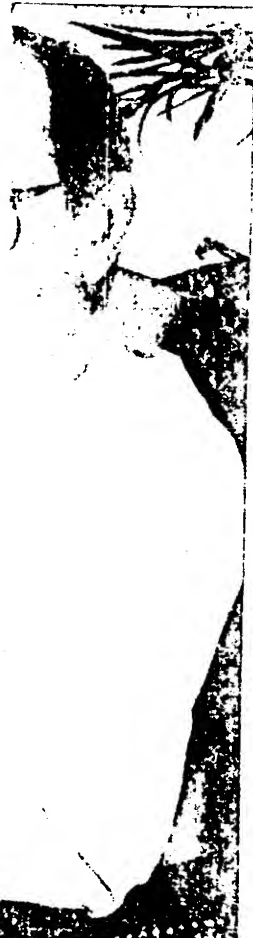
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By The Washington Times
at people thought I

matters and policy. Most often they complain he lacks "substance."

"He's totally substance-free. There's nothing there," one former White House official said. "He knows nothing about policy, anything. And all of a sudden, he's in trade policy and strategic planning?"

"What he is vending is access to the White House," the official said. "He's vending the connection."

But Mr. Deaver insists his business does not hinge on access alone.

"I'm not the only person in town that has access to this government," he said. "If people think that because you happen to know the secretary of commerce or the secretary of the Treasury, you get something done for them, they're crazy."

"That isn't really the level where you get the job done," he said. "You get the job done at the second, third and fourth levels. It's understanding the system that's more important than access."

It is also in the second and lower levels at Michael K. Deaver & Associates where the job gets done, suggest critics. They note that Mr. Deaver brought to his firm several seasoned employees from the Office of the U.S. Trade Representative, including Doral Cooper and Lisa Barry.

Critics suggest that these assistants at Mr. Deaver's firm could insulate him from potential conflict-of-interest concerns by making calls

spread, the time has come for the appointment of a special counsel," he said.

• Mr. Deaver was part of a Reagan team that "came to Washington the way the Visigoths came to Rome — to sack it," wrote Richard Cohen, in an opinion column published in The Washington Post.

"But the Visigoths have not only stayed; they have become corrupted and besotted by the wines of Georgetown," Mr. Cohen wrote last week. "Deaver... is exactly the person the president campaigned against, the stereotype of the Washington insider that Reagan hung, like a horse collar, first around the neck of Gerald Ford and then Jimmy Carter."

"The president, oblivious to it all, continues to attack Washington, not realizing, apparently, that he has been captured from the rear," Mr. Cohen concluded.

• Suzanne Garment, of The Wall Street Journal, wrote that "real clout or not, this stuff gives people a slow burn."

"When firms advertise themselves through parties and fancy offices and cars, they don't just reach their potential clients," she wrote. "They also remind the rest of us that they are trying to get public decisions made in rooms that we can't enter."

• In an editorial headlined, "The

President's Resonance, Not For Sale," The New York Times said last week that Mr. Deaver is tarnishing Mr. Reagan by "trading on a present friendship, with the president of the United States."

"He is expert in using the president's resonance, not for conviction but for money, pots and pans of money," the paper said. "Just as the implicit influence of the president rubs off on him favorably, so does his use of that influence rub off on the president, unfavorably. A wiser man would demonstrate more regard, if not for the office then at least for the friend who occupies it."

The editorial concluded: "Michael Deaver penetrates the defenses of our own government. He, too, is often hard to see; but easy to smell. When will the president stop holding his nose?"

In an interview last Friday on the PBS's MacNeil Lehrer News Hour, Mr. Deaver said he has done nothing improper and had worked closely with lawyers to avoid illegality and impropriety since leaving the White House.

"I'm very careful because I knew when I left the White House that I would be the target of interest for a lot of people, both in the media and outside the media," he said. "I wonder what people thought I was going to do when I left the White House? Be a brain surgeon?"

The penny-a-day road leads to co

From page 1A

strict and sending two children to private school.

"He didn't acquire that taste [in Washington]. He's had it for a long time," said a longtime friend and associate. "And he has a very, very great drive to earn lots of money."

Mr. Deaver became the brunt of jokes after his complaints about his salary. Aides placed a glass jar outside his office labeled, "A penny a day helps Deaver to stay."

But some administration officials were less than amused about what they felt was Mr. Deaver's use of his White House imprimatur to bolster his family finances. Their disquiet has grown since Mr. Deaver left the White House in May 1985 and set up a consulting firm that has grown into a multimillion-dollar business.

Part of their concern extends to the power Mr. Deaver apparently still wields in the White House. A source close to John Gavin, who announced his resignation as U.S. ambassador to Mexico this week, said the president asked Mr. Gavin to stay on.

Mr. Gavin declined, and also refused requests from Secretary of State George Shultz that he remain. Part of the reason, the source said, was that Mr. Gavin was unhappy with Mr. Deaver's being able to conduct his own personal diplomacy between the highest levels of the White House and Mexican officials.

While in the White House, Mr. Deaver reportedly asked Mr. Gavin to quit. And last January, Mr. Deaver signed a \$250,000 contract with the government of Mexico to consult on Mexico's "trade investment and



Former deputy chief Michael K. Deaver: "I wonder what people thought I was going to do when I left the White House? Be a brain surgeon?"

Germany on White House business, Mr. Deaver and his top White House aide, William F. Sittman — now vice

federal financial disclosure reports. Money also lay at the root of an

matters and he complains he has

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(1)
never put the arm on me... since he has been out of government," Mr. Reagan said. "I think people are saying this just because he's being darned successful."

But several longtime associates said in interviews that Mr. Deaver usually expected future benefit when providing service to others during his tenure in the White House.

"Whenever he did favors for people, he was always keeping in mind how he would capitalize financially because of what he was doing for them," said one former associate.

Many current and former Reagan aides interviewed for this article said they believe Mr. Deaver paid his dues through "indentured servitude" to the president, but that he has no right to capitalize on that service by trading on Mr. Reagan's name to become a multimillionaire lobbyist.

However, none of the critics would comment for attribution, saying they feared retribution.

Lyn Nofziger, a longtime Reagan political and media adviser to Mr. Reagan, was reluctant to criticize Mr. Deaver as an opportunist.

"We all take advantage of opportunities that come along," he said. "Am I an opportunist? Sure. I've taken advantage of the fact that I worked for him [Mr. Reagan]."

"He [Mr. Deaver] has contributed in kind," Mr. Nofziger said. "He's contributed heavily to the president, to the president's well-being, to the Reagan family's well-being. And I think if you talk to the Reagans, they would tell you the same thing."

Currently, bills are pending in the House and Senate that would prohibit for up to 10 years lobbying by former government officials on behalf of foreign governments and business. A third bill on this subject will be introduced shortly by Sen. Strom Thurmond, Republican of South Carolina.

Among incidents that critics cited of Mr. Deaver's using his connections with the White House or the Reagans for personal gain:

• In 1982, Mr. Deaver contracted with William Morrow publishers to write a diet-and-exercise book based on his success in losing 35 pounds. Mr. Deaver received a \$9,000 advance for the book, which was never written.

But New York Times columnist William Safire reported that the payment scheme totaled \$300,000. Most

(2)
and officials to get a baseball team for the city.

White House officials initially were concerned about a possible conflict of interest, sources said, because Mr. Deaver was involved in the baseball issue at the White House during two years that the local promoters had lobbied for the president's involvement. But Mr. Fielding ruled there was no problem because the Deaver firm was donating its public relations services to the baseball initiative, said a top White House official.

But an administration official involved in reviewing the baseball franchise issue and the draft letter prepared for the president's signature by the Deaver firm said officials didn't know that Mr. Deaver ob-

(3)
McKean also would have meant higher taxes for Mr. Hannaford and complications for his new investors, he said.

He never talked to Mr. Deaver, and Mr. McKean "later told me they'd done something else to ease his tax burden," Mr. Hannaford said.

"But from that time forward, Deaver turned his back on our friendship," he said. "It took me about four months to figure it out, that he'd done that, but he did."

"He never told me he was unhappy," Mr. Hannaford said, but Mr. Deaver "poor-mouthed me to the Reagans and to a lot of other people" — saying he received less than his fair share of the firm.

"I know, because they called me and told me," Mr. Hannaford said.

Friends and former co-workers say Mr. Deaver's remarks were prompted by frustration that he could not afford the expensive tastes of Washington power brokers with whom he now mixed, the cost of living in the District and sending two children to private school.

tained a three-year, \$510,000 mortgage loan from Riggs National Bank to buy a home in an affluent Washington neighborhood about six weeks after the president sent the letter to Mr. Ueberroth.

Joe L. Allbritton, Riggs' chairman, is one of the financiers who hopes to become a co-owner of a new Washington baseball team.

• Mr. Deaver had several other brushes with the White House counsel's office — the ethics ombudsman in the presidential family — sources reported.

For example, he was the subject of press reports and an internal White House probe in 1983 when it was learned that his California tax accountant, John R. McKean, received an appointment to the U.S. Postal Service Board of Governors after arranging a \$58,000 loan that allowed the Deavers to make an investment to avoid federal taxes.

Mr. McKean later admitted that Mr. Deaver offered him the \$10,000-a-year, part-time job as a Postal Service governor in July 1981, the same month that he arranged the deal. But Mr. Deaver was cleared of

Through all the criticism, however, Mr. Reagan has always stood by Mr. Deaver, who still holds a White House pass.

"He has been with us a number of years," Mr. Reagan told reporters May 10, 1985, in Portugal, the last trip arranged by Mr. Deaver as a White House official. "I have never found fault with anything that he's doing, with his loyalty, with his friendship, and with the common sense that he has always used."

"I consider Mike's leaving in the nature of an amputation, and it is me that is suffering the amputation," the president said.

In a letter formally accepting his resignation, Mr. Reagan told Mr. Deaver, "I haven't accepted it in my heart, and there I never will."

Making his refusal to amputate official, Mr. Reagan extended Mr. Deaver's White House pass.

Mr. Deaver said in a televised interview last week that five other former Reagan aides also retain their passes. But he did not identify them. White House spokesman Larry Speakes said the White House sees no reason to ask Mr. Deaver to turn

(4)
a \$250,000 contract with the Daewoo Corp., a large shipbuilding company in Seoul, Korea, to help the firm protect its export interests and develop a corporate strategic plan.

Apparently Mr. Deaver's interest in international maritime matters began during the 1980 presidential inaugural when he was befriended by Sir Y.K. Pao, a Hong Kong shipping magnate with ties to the People's Republic of China. Through Mr. Deaver, Y.K. Pao got two, 20-minute Oval Office meetings with Mr. Reagan at the time that Mr. Deaver controlled Mr. Reagan's schedule, according to publicized reports.

• Also last October, Mr. Deaver signed a \$175,000 agreement with the International Society of Korea and the government of South Korea to protect their economic and trade interests in the United States. The firm also is to provide the Koreans with a "strategic plan" to improve American awareness of the Republic of Korea and the 1988 Olympic games in Seoul.

• In December, the Embassy of Singapore and its government retained Mr. Deaver at \$250,000 a year to advise on the country's trade and investment interests.

• Last month, Saudi Arabia hired Mr. Deaver for \$500,000 a year, in a three-year agreement, to track and analyze trade trends "which may materially affect Saudi Arabia's economic interest." During the January 1985 inaugural festivities at Mr. Deaver's urging, a number of Mr. Reagan's California friends attended a large party given by Prince Bandar, the Saudi ambassador, sources said.

• Domestic, as well as foreign, businesses have hired Mr. Deaver, including Rockwell International Corp., CBS, TWA and the Philip Morris Co.

Philip Morris is trying to break into Japan's lucrative tobacco market. The account is being handled for the Deaver firm by Doral Cooper, who came from the Office of the U.S. Trade Representative — where she handled tobacco trade matters involving U.S. firms, sources said. That connection has been cited as another possible conflict of interest.

Mr. Deaver's activities have prompted blasts from diverse elements in the media:

• New York Times columnist William Safire — a former speechwriter to President Nixon — said last week that the Justice Department should

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matters and policy. Most often they complain he lacks "substance."

"He's totally substance-free. There's nothing there," one former White House official said. "He knows nothing about policy, anything. And all of a sudden, he's in trade policy and strategic planning?"

"What he is vending is access to the White House," the official said. "He's vending the connection."

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The editorial concluded: "Michael Deaver penetrates the defenses of our own government. He, too, is of-

around a federal law that limits outside earnings of top federal employees to 15 percent of their yearly government salary.

Mr. Deaver said in a recent interview that he returned the \$9,000 advance to Morrow because he decided after all not to write the book.

"As crazy as that is, I didn't want to be remembered as the guy who wrote a diet book," he said.

• Last year, while visiting West

property last year in another ethics probe involving profits on a real-estate investment, arranged by California businessman Berger Benson. The profits weren't reported on Mr. Deaver's 1983 federal tax return, nor did he disclose liabilities of the real-estate partnership on the financial disclosure form he was required to file as a White House official. Mr. McKean said the mistakes were an "oversight" on his part, and Mr. Deaver was allowed to amend his

nons symmouized by his white house pass — clearly are crucial to the lucrative contracts he's signed with foreign governments and businesses since he left his government job.

The contracts feature an unusual clause that allows clients to cancel if Mr. Deaver ceases to be the "principal officer" in his business.

While critics admit Mr. Deaver has fine skills as a public relations and advance man, they question his ability in handling complex trade

their role as sugar suppliers to the United States.

The Canadian contract is under investigation by the General Accounting Office after allegations were made that it was obtained on the basis of contacts and work by Mr. Deaver while he was still at the White House.

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• Domestic, as well as foreign.

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officials to seek no influence their "former department or agency" on behalf of private clients for a year after leaving office, and permanently forbids lobbying on issues where an official "participated personally and substantially" while in government.

The law is toothless. Deaver's visit to Miller didn't violate the rules because the Budget Office isn't considered the same "agency" as the White House. In another controversial episode, Deaver helped to weaken Reagan's resistance to regulations against acid rain, an issue of great concern to the Canadians, then signed up the Canadian Embassy as a client after leaving office. The GAO is now investigating whether Deaver's involvement with acid rain was "substantial." The Canadians, justifying Deaver's fee, say they hired him because he was "familiar with the issues." Deaver, denying misbehavior, says, "I don't think to this day I can tell you what acid rain is."

I believe Deaver. The problem with the Jesuitical distinctions in the ethics law is not merely that they're easy to get around, but that they fundamentally miss the point. Deaver was Reagan's chief imager. He probably knows nothing about any serious issue of government. Who cares whether Deaver worked on a particular issue before or whether the White House is or is not the same "agency" as the Office of Management and Budget? The people who are paying him don't care.

Deaver's excess seems to have cracked the carapace of indifference that has protected influence peddling during the Reagan years. Suzanne O'Brien of The Wall Street Journal urges lobbyists to "behave with decent self-restraint," which is like telling prostitutes to freshen their makeup. There is talk of toughening the ethics act.

That would be nice, but no law can ever control the buying and selling of influence. Our best hope is that image-sensitive clients will decide that hiring these people is counterproductive. This

The Washington Times

WEDNESDAY, APRIL 9, 1986*

WASHINGTON, D.C.



Former White House aide Michael Deaver is at ease in the surroundings of his Michael K. Deaver & Associates office in Georgetown. Photo by Dean Ruiz/The Washington Times.

First of two parts

By George Archibald
and Lucy Keyser
THE WASHINGTON TIMES

Michael Deaver winced as he noticed the camera's wide-angle lens, poised to catch his image, along with a view of the Watergate and the Washington Monument out the window of his Georgetown office. "I hate 'em, I hate 'em," he complained to the photographer. "They distort you."

For Mr. Deaver, the longtime friend and former deputy chief of staff of the president, image is everything.

For more than 20 years, Mr. Deaver nurtured and protected well the image of Ronald and Nancy Reagan and, in the process, earned one for himself.

Now the 47-year-old public relations man is finding this image — of president's best friend and confidante — a very hot commodity.

Closeness to Reagan paying off for Deaver

A Time magazine cover last month flashed an impressive image of Mr. Deaver around the world, depicting him in his chauffeur-driven Jaguar XJ6 limousine — with a U.S. Capitol backdrop — as the consultant-lobbyist with crucial connections.

The photo and headline — "Who Is This Man Calling?" — bothered Mr. Deaver when he saw it staring out at him from airport newsstands. He is used to staying in the background, he said.

"There is always interest in anybody who's close to the president of the United States," Mr. Deaver said in an interview. "And the fact that we've been successful here is an interesting irony within the Belt-

way. In the nation's capital, the success of Michael K. Deaver & Associates with estimated billings now topping \$4.25 million a year — and similar public relations consulting-lobbying firms with well-connected officers — has generated intense interest.

The potential conflict-of-interest questions arising from former government executives cashing in on past connections has triggered proposed federal legislation

see DEAVAR, page 10A

Summer hopes rekindled

By Mary B. ...
THE WASHINGTON TIMES

President Reagan yesterday received a personal message from Soviet leader Mikhail Gorbachev, delivered by Soviet Ambassador Anatoly Dobrynin, as administration officials insisted that a new super summit would take place in the United States this year, or July.

These officials said that Secretary of State George Shultz and Soviet Foreign Minister Eduard Shevardnadze will meet next month, but apparently Ambassador Dobrynin brought no agreement for a firm date for a second Reagan-Gorbachev summit.

Yesterday's announcement of the Shevardnadze meeting was made as the Energy Department canceled a scheduled underground nuclear blast in the Nevada desert.

Both the White House and the State Department insisted the delay in the nuclear testing was not linked to summit politics.

Mr. Shultz said the Soviet ambassador took "some pains" to stress to the president that the Soviets would set no precedents on a summit. But, Mr. Shultz said, both sides want the

City will seek for lottery ac

By Jerry Seper and Michael Hedges
THE WASHINGTON TIMES

The D.C. lottery board will seek new bids for a \$180,000 contract that was to be awarded to an accounting firm being investigated by federal authorities in an alleged kickback scheme, officials said yesterday.

The contract for overseeing the daily D.C. lottery drawings had been recommended to go to Chicago-based Hill, Taylor & Co. The awarding process was canceled, according to Douglass W. Gordon, executive director of the

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Contra aid battle

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DEAVER

From page 1A

to block anyone hoping to follow in their footsteps.

Mr. Deaver said he has not followed the progress of the bill, which, if enacted, would have little effect on those who already have made the jump from public to private life.

Some observers say Mr. Deaver's image and its benefits will diminish when Mr. Reagan leaves office. Others say his talents — and he has many — stand on their own.

Some simply find his situation unprecedented and unsettling. One former administration colleague said Mr. Deaver's example "offends the sensibilities."

"There's nothing I can do about that," Mr. Deaver said in response. "All I can do, and the thing that I want to do more than anything else, is to offer a professional service. I pride myself on that. And I would resent people hating me — in fact I have turned down clients — who simply want access."

But Mr. Deaver's access to the Reagans — he still carries a White House pass — is extraordinary.

"If there is a person in or out of this government who is overall closest to the Reagans, I am confident it is Mike Deaver," said Lyn Nofziger, a close associate during the 20 years that both men have worked and socialized with the Reagans.

"There's no reason in the world for them to invite (the Deavers) to their house for Christmas dinner, except that you like them," Mr. Nofziger said. "And they do consider Mr. Deaver a close friend. There's just no question about it."

Mr. Deaver, asked to describe his relationship with the Reagans, said, "Oh, I think just best friends."

"I really don't think of them in any other terms. I mean, I really have never thought about him as the president. I've always thought about them as friends, and I can't imagine what my life would have been like without them. And they really have been central to my life."

Mr. Deaver's relationship with Nancy Reagan is viewed with some bitterness by many other original key supporters and former staff members of the president, going back to the 1960s.

One early associate said Mr. Deaver endeared himself to the first lady by "feeding her penchant for being treated as royalty."

"Deaver obtained his power first by being willing to carry out her every wish or whim, regardless of what it was," the associate said. "Some of us called it 'Steppin' Fetchin'ism.'"

Mr. Deaver played an important role through Mrs. Reagan in the president's appointment of James A. Baker III as White House chief of staff in 1981, said a former official. Mr. Deaver also sought Mrs. Reagan's help to get rid of Alexander Haig, Mrs. Reagan's first secretary of state, and former National Security Adviser Richard V. Allen, the official said.

Even William Clark, who originally hired Mr. Deaver, was exiled from the White House to the Interior Department last year and ultimately



Lyn Nofziger

"I have no money left. We are living on our savings," he was quoted as saying just before Christmas 1981.

By the end of 1982, he had changed his mind about leaving Mr. Reagan, but continued to signal publicly that he was becoming destitute in service to the president.

News reports in the fall of 1982 said Mr. Deaver was "telling friends and associates" he would be leaving the administration in 1983 because "his personal savings have been depleted from more than \$30,000 to \$3,000, according to reliable accounts."

Mr. Deaver also has found his White House service made him a particular target of conservative critics, who charge that he is not in tune with the Reagan agenda.

But Mr. Deaver said he constantly had to work as a moderating force within the president's inner circle and guard him from policy actions or misjudgments of his more conservative supporters.

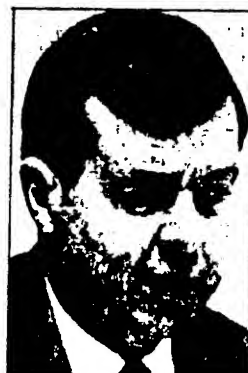
"First of all, I think Reagan is a moderate man," Mr. Deaver said. "I've never believed he's as far to the right as the conservatives would like him to be. I think by nature he's a moderate, compassionate person. And I would always try to accentuate that in him rather than those who would like him to be more strident or, you know, stronger on an issue."

"That's why I always laugh about the line of 'Let Reagan be Reagan,' which was aimed at me and Jim Baker," Mr. Deaver said. "That's all I ever did in 20 years was try to let the man be what he was. But what he was was not exactly what others wanted him to be."

Mr. Deaver said it was his role, with Mrs. Reagan, to protect the president, particularly from the "far" right.

"I am by nature a suspicious person, and he (Mr. Reagan) is not," he said. "He always thinks the best of everyone, even when they are not being helpful to him. And I would see that immediately. I would always be suspicious of a person's motives when it came to him, and then I would try to protect him from that."

He added: "I think Reagan is a very vulnerable person, and I say that from the standpoint that he is extremely trusting, almost to a fault. And I think if I did anything for him,



William P. Clark

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Questions also have been raised about Mr. Deaver's more recent three-year, \$1.5 million contract to represent Saudi Arabia as a foreign agent and other lucrative contracts to advise foreign governments on how to obtain favorable action from the U.S. government.

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Mr. Deaver, as a result of his White House position, has become close to world leaders and business tycoons, such as Japan's Prime Minister Yasuhiro Nakasone, pro-Peking shipping magnate Sir Yue-kong Pao of Hong Kong and Armand Hammer, billionaire founder of Occidental Petroleum Corp. and longtime patron of the interests of the Soviet leadership.

Mr. Nakasone personally asked Mr. Deaver to arrange a visit by Mr. and Mrs. Reagan to his mountain retreat — his Camp David — when Mr. Deaver advanced the president's Far East trip in 1983. Mr. Deaver immediately agreed, and he and the Japanese prime minister have been in contact on trade matters ever since.

Mr. Deaver is representing the Phillip Morris Co., which is trying to break into the lucrative tobacco markets in Japan, South Korea and Taiwan. On a recent trip to Tokyo, Mr. Deaver took U.S. Ambassador Mike Mansfield with him when he went to see Mr. Nakasone and his senior officials, according to an American trade expert with close contacts at top echelons of the Japanese government.

Mr. Deaver "inevitably discussed" ways to further the interests of his client, Phillip Morris, said the trade expert, who once held a senior post in the administration. Moreover, there are reports from the White House that Mr. Deaver will be called upon to advise Mr. Reagan on the upcoming economic summit at



Patrick Buchanan

work for the president's 1984 Asian trip — making one side trip in his Air Force One backup for a party on Mr. Pao's yacht on his way from Bangkok to Tokyo.

Mr. Pao is said to have talked to Mr. Deaver on worldwide maritime issues. One of Mr. Deaver's new clients at \$250,000 a year is the Daewoo Corp. of South Korea, one of the largest shipbuilders in Asia.

Personally, associates describe Mr. Deaver as a sociable man, who enjoys attention.

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"He's got perfect pitch," said Mr. Nofziger. "Mike always loved partying with 'the beautiful people' and making a hit by playing the piano," said another former associate from the early California days.

After college graduation, Mr. Deaver's keyboard finesse helped raise enough money to get him home from Australia, where he wound up stranded with a friend while traveling around the world. He later toyed with the idea of becoming an Episco-



Edwin Neese II

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"Mike handled them very well," became very good at meeting and anticipating the needs of the Reagans. And so they came to depend upon him. He became very close to them. And there is a great rift between the Reagans and the staff. They are comfortable with him; like him, he's a personal friend."

Before Mr. Reagan became president, Mr. Deaver once saved him from choking to death on a plump place. "Ronald Reagan sitting there on the airplane, peanuts and he swallowed wrong," Mr. Nofziger said.

As the governor, he choked started turning blue in the face. Deaver pushed Mrs. Reagan on the way and grabbed him around the rib cage, he said. "He (Mr. Deaver) did the Heimlich maneuver on me and popped the peanut out."

Mrs. Reagan especially "depended upon Mike as a very close personal friend and confidant and aide, somebody who has their best interests at heart and somebody whose judgment she trusts," Mr. Nofziger said.

"But I don't think she looks on me as a bag carrier or anything like that, you know, or a valet. It's far above that. I mean, there may have been times when they looked upon me early on as an expedient. But clearly far beyond that stage."

"Of course he had always been concerned about the master's mistress's care, feeding and comfort," wrote Laurence I. Barrer in his book, "Gambling With Mike Reagan in the White House." He

But Mr. Deaver's access to the Reagans — he still carries a White House pass — is extraordinary.

papal priest, spent two years as an IBM trainee, and then drifted into a job with the Republican Central Committee of Santa Clara County, Calif. Mr. Reagan was a press agent's dream that Mr. Deaver walked into by chance, associates say. When Mr. Reagan first ran for governor of California in 1965, Mr. Deaver was working as a field man for six Republican state legislative candidates in the Santa Barbara area. Mr. Deaver's party loyalty and official neutrality in the primary contest prompted Gov. elect Reagan's



William P. Clark



Patrick Buchanan



Edwin Meese III



James A. Baker III

they left. We're living as if he was quoted as about Christmas 1981. And of 1982, he had in mind about leaving. Mr. Deaver's signal is, he is becoming desolate the president.

Deaver in the fall of 1982 was "telling friends" he would be leaving the White House in 1983 because his savings have been down more than \$30,000, according to reliable

sources. Deaver has found his service made him a target of conservative charge that he is not in Reagan's agenda. Deaver said he constantly is a moderating force in the president's inner circle from policy actions. Deaver's more conservative friends said he constantly is a moderating force in the president's inner circle from policy actions. Deaver's more conservative friends said he constantly is a moderating force in the president's inner circle from policy actions.

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retary of State Alexander Haig. "I'm in control," an official said.

"They (Messrs. Baker, Meese, and Deaver) decided that the way they would reassure the country was by very consciously, conspicuously going down to the hospital every day and having a stake-out by the press outside the hospital. And you'd have the White House cars arrive and several important advisers get out to go — quote, unquote — 'meet with the president at the hospital to discuss national policy issues'."

But the three senior aides really only held a few 10- or 15-minute meetings with Mr. Reagan on some days, depending on his condition and strength, the official said.

"They'd go into the hospital and have breakfast. They weren't meeting with the president. They'd go have breakfast and sit down and talk to each other. . . . But for all that the three most important guys at the White House meeting with the president to discuss policy. The press didn't know what was really going on. It was staged."

As one of the White House "top three," Mr. Deaver became the president's "master of symbolism and hoopla," said Time magazine. He orchestrated almost every detail of the president's foreign trips, making sure that television visuals always portrayed him positively.

His concern for the president's image also pushed him more and more into the policy arena, putting him at odds with Mr. Meese and conservative leaders of outside political groups when he pulled the president back from key issues on their agenda, such as elimination of federally mandated racial preference in employment practices on government contracts.

Last year, when White House Communications Director Patrick J. Buchanan tried to persuade Mr. Reagan to spend time building up support for aid to the Nicaraguan resistance and to make a televised national speech on the issue, Mr. Deaver urged the president to devote his energies and political capital instead on the budget fight in Capitol Hill, said White House sources.

The friction between Mr. Deaver and other senior aides in the

White House stymies GAO Deaver probe

(4-2-86)

By George Archibald
and Lucy Keyser
THE WASHINGTON TIMES

The White House has stymied a conflict-of-interest probe of President Reagan's former deputy chief of staff, Michael K. Deaver, for three months by failing to provide key documents, according to a General Accounting Office official.

The GAO probe is looking into the relationship between Mr. Deaver's activity on the controversial "acid rain" issue while he was in office and

Weapons chief says 100 B-1s are enough. Page 3A.

his later role as a consultant under contract to the government of Canada in influencing the administration's subsequent change of position.

Meanwhile, a former administration official has disputed White House claims that Mr. Deaver was not involved as a Reagan aide in the B-1 bomber issue, for which he recently lobbied Office of Management and Budget Director James C. Miller III as a paid lobbyist for Rockwell International Corp., builder of the B-1.

The acid rain probe was initiated in December.



Michael K. Deaver

blocked by the White House counsel's office which has failed to provide information and documents requested three months ago, a GAO official said yesterday.

"We first started talking [about why the documents hadn't been produced] in early February," the GAO official said.

placement of colored people, blasted the film's Oscar shutout but

Chicago's first black mayor. Election results showed Mr. Col-

but his job rating was a lot lower. He wasn't making the women ap-

relevant in the race. "B were willing to overloo

DEAVER

From page 1A

ment that they use to advise [White House] people on ethics matters," the official said.

The official said staff turnover in the office of the president's counsel may have contributed to the delay in furnishing the information. A new White House counsel, Peter Wallison, succeeded Fred F. Fielding, whose resignation was effective Monday.

Neither Mr. Wallison nor Mr. Fielding could be reached yesterday for comment on the documents.

Mr. Dingell asked the GAO to determine whether there was any conflict of interest between Mr. Deaver's official role on the U.S.-Canadian acid rain issue as a top Reagan aide in early 1985 and the consulting contract he obtained from Canada when he left the White House last May to set up his own private public relations business, Michael K. Deaver & Associates, according to congressional and GAO sources.

Mr. Deaver, while still with the White House, was intimately involved in President Reagan's summit meeting a year ago with Canadian Prime Minister Brian Mulroney and helped convince Mr. Reagan to launch an acid rain study commission, officials said. The commission, headed by former Transportation Secretary Drew Lewis, later called for a far more aggressive acid rain cleanup program than the administration had initially envisioned.

Mr. Deaver left the White House less than two months after Mr. Reagan's trip to Quebec City and within

three months had signed up Canada as one of his first clients, with special consulting duties relating to the acid rain issue.

At a second U.S.-Canadian summit last month—in a break with past policies that some press reports credited to Mr. Deaver's efforts—Mr. Reagan agreed in principle to a \$2.5 billion, five-year U.S. commitment to test clean-coal technologies to reduce smokestack emissions linked by researchers to acid rain.

"I'd say he's got a problem with acid rain," a White House official said last week.

Federal law prohibits former government officials from ever lobbying on issues in which they "participated personally and substantially" as a government employee. The law also prohibits a senior official from seeking to influence "his former department or agency or any of its offices or employees" for one year after leaving the government.

Mr. Deaver, who was allowed to retain his official White House pass for access to the executive mansion after he left the government, caused concern among some White House officials for meeting with OMB chief Miller on behalf of Rockwell International Corp., which is attempting to overturn an administration decision to buy no more than 100 B-1 bombers.

Mr. Miller told reporters before a speech in Detroit yesterday that he and Mr. Deaver had a "very routine" 15- to 20-minute meeting requested by Mr. Deaver to "make a standard pitch" for selling more B-1 bombers to the government.

Mr. Miller said he checked with his attorney, who in turn talked with then-presidential counsel Fielding, before the meeting to make sure there were no conflict of interest violations.

Last year, at Mr. Fielding's request, the Office of Government Ethics changed its revolving-door regulations for senior officials in the Executive Office of the President so that it is now allowable for former White House officials to deal with officials of other presidential offices, such as OMB, as soon as they leave the government.

In defending Mr. Deaver's actions yesterday, administration officials noted that OMB is now technically separate from the White House staff regarding ethics and conflict-of-interest matters.

However, according to budget documents submitted to Congress

program—including the B-1 issue, the of

"He [Mr. Deaver] has per and talked with p these things," said the gan adviser. "He did not self from any consider. time, of the B-1."

Mr. Deaver's former tions company, De Hannaford, also represent well before Mr. Deaver in 1981 to become one gan's top three White H tants.

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by the administration, OMB and several other offices intimately involved in the White House operation—such as the National Security Council—are part of the Executive Office of the President for both funding and policy purposes.

"It would appear there was no violation of the one-year prohibition," White House Deputy Press Secretary Larry Speakes told reporters accompanying the vacationing president yesterday in Santa Barbara, Calif.

"The OMB director does not work in the White House and Mr. Deaver did not ever deal with this [B-1 bomber] issue in the past," Mr. Speakes said.

However, another former administration official who attended meetings of the president's National Security Council disagreed. Mr. Deaver "sat in all the NSC meetings, every one" concerning the defense

agreements Mr. Deaver foreign governments, cluded Singapore, South Mexico, after he left House in May 1985. He similar contract with Pue

Foreign business is a ma of Mr. Deaver's total bill estimated at \$4.25 million

Mr. Reagan's former de of staff refused in a recent to discuss his specific client it was "nobody's business" scribing himself and Pres Mrs. Reagan as "best friend" Deaver said:

"I would never use my ship [with the Reagans] on a client. I never have and r First of all, it's not necessary. we really are trying to do help a client strategize their objectives may be Washington, D.C., or the w I don't have to have the pre

Catholic priest abducted by two military intelligence agents last summer has turned up alive but with his tongue cut out, the Philippine Human Rights Commission announced yesterday.

The rights group said the 43-year-old priest, the Rev. Rosaleo "Rudy" Romano, is in Cebu City in the central Philippines but will be flown to the capital shortly under military

But Jose Diokno, chairman of the panel and a former political detainee, vowed to aggressively investigate all human rights violations "even if the evidence points to the highest levels of government."

Mr. Diokno's pledge to pursue rights investigations to the top was apparently a reference to Juan Ponce Enrile, the defense minister, and Gen. Fidel Ramos, the new head

The two defense officials, who had long served under Mr. Marcos, led a four-day revolt in February that toppled the former regime. They were retained in the new government because of their role in overthrowing Mr. Marcos, but criticism by human rights activists and others has been mounting in recent days.

see PRIEST, page 10A

smuggled under the Pan Defense Department announced yesterday that the building ground concourse, containing shops and leading to the station, will be closed to anyone without security clearance.

By the end of the month open mall will be closed and visitors indefinitely Department officials said

Riggs gave Deaver \$510,000 mortgage

By George Archibald
and Lucy Keyser
THE WASHINGTON TIMES

(4-3-86)

Michael K. Deaver — who complained in 1982 that he couldn't live on his \$68,000 salary as President Reagan's deputy chief of staff — has been given a half-million dollar mortgage payable in three years by Washington's biggest bank.

The Riggs National Bank also has the account of the Ronald Reagan Presidential Foundation, which Mr. Deaver helped to organize while he was in the White House.

He is now a trustee of the foundation, which set a goal of raising \$80 million within five years when it was founded last year.

Mr. Deaver, who in less than a year has parlayed his White House connections into a multimillion-dollar private lobbying business, got the \$510,000 house loan last Dec. 17. The Riggs National Bank, accord-

According to Gary L. Jones, the foundation's executive director, the foundation deposited its first big contributions in the Riggs account in December 1985 — the same month the bank gave Mr. Deaver the mortgage loan.

"There were no significant contributions until December," Mr. Jones said.

The foundation's offices are next door to those of Michael K. Deaver & Associates in Georgetown.

Joe L. Allbritton, Riggs' chairman and controlling owner, also is on the governing board of the tax-exempt foundation that is raising funds for a library to house Mr. Reagan's papers when he leaves office.

Robert Anderson, chairman of Rockwell International, is a member of the foundation's board of governors. Rockwell has hired Mr. Deaver's firm to lobby the government to buy more of its B-1 bombers.



Vice President George Bush

Bush's reflects

Ralph Z. Hallow
THE WASHINGTON TIMES

The White House backed away from Vice George Bush's statement on foreign oil cartel shock, plummeting oil prices.

"There has been no administration policy on the declining oil price," House spokesman Le said in Santa Barbara. President Reagan is vacationing.

"We believe the market is just," Mr. Speakes said. The way to achieve steady growth is the free market work.

Until recently, the administration had spoken with one voice on benefits to consumers. In general of a broad 13-member Organization of Petroleum Exporting Countries, steady decline of oil prices last several months.

bring in a lot of activity with skies ranging from sunny to partly cloudy. The highest temperatures will be in the Rocky Mountains where the mercury will fail to make it out of the 90s in some locations.

Yesterday's Temperatures

Midnight	60	Noon	73
4 am	52	4 p.m.	74
8 am	61	8 pm	64

Phases of the Moon

April 9	April 17	April 24	May 1
new moon	first quarter	full moon	last quarter

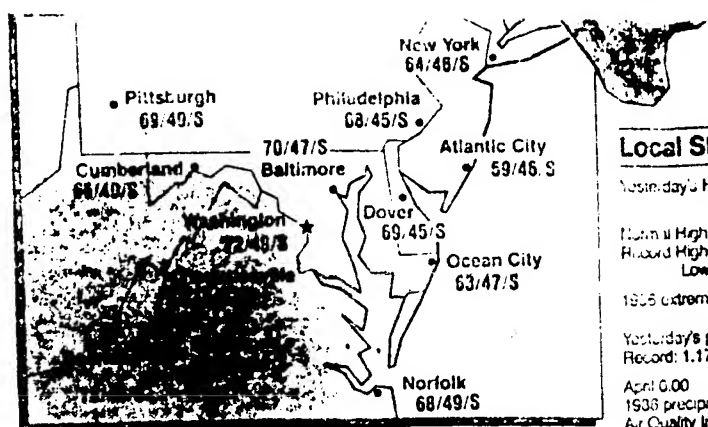
Astronomical Data

	Rises	Sets
Sun Today	5:50 am	6:33 pm
Sun Tomorrow	5:49 am	6:34 pm
Moon Today	3:10 am	12:46 pm
Moon Tomorrow	3:52 am	1:50 pm

Pittsburgh — Sunny, 71-52
 Portland, Ore. — Partly cloudy, 67-41
 Raleigh — Partly cloudy, 72-40
 Salt Lake City — Showers, 48-34
 San Antonio — Thunderstorms, 82-66
 San Diego — Sunny, 69-54
 San Fran. — Sunny, 65-46
 Seattle — Partly cloudy, 53-42
 Sioux Falls — Rain, 42-34
 St. Louis — Thunderstorms, 74-58
 Tampa — Sunny, 82-60
 Washington — Sunny, 72-40

Tides

	Today	Tomorrow
High	2:57 am	4:07 am
Low	9:39 am	10:47 am
High	3:11 pm	4:23 pm
Low	10:39 pm	11:35 pm



Local Statistics

Yesterday's High: 75
 Low: 56
 Normal High: 62, Low: 41
 Record High: 89 in 1963
 Low: 23 in 1907
 1985 extremes, High: 84
 Low: 11
 Yesterday's precipitation:
 Record: 1.17 in 1970
 April 6.00
 1933 precipitation: 6.61
 Air Quality Index: Good

DEAVER

From page 1A

an activity for which he has been criticized in recent days.

Federal law prohibits former government officials from lobbying on issues in which they "participated personally and substantially" while in the government.

Although the White House has denied that Mr. Deaver was involved in any substantial decisions regarding the B-1 while he was in office, a former administration official who attended National Security Council meetings with Mr. Deaver disputed the denial.

Mr. Deaver refused to discuss his mortgage loan arrangement in an interview.

"That's nobody's business," he said. "If you think there's a story in my loan arrangement on my home from the Riggs Bank, then I think you ought to talk to the Riggs Bank. But I'm a very good client at the Riggs Bank."

Mr. Allbritton, the bank chairman, did not return telephone calls. A

Riggs spokeswoman said she could not talk about the loan arrangement or divulge the interest rate Mr. Deaver is being charged.

"We have a pretty strict rule about not talking about customer's accounts unless the customer asks us to," the spokeswoman said.

The loan enabled Mr. Deaver and his wife, Carolyn, to purchase a home on Dexter Street NW, just off Foxhall Road, one of the more affluent of Washington.

According to District property tax records, the house and lot are assessed at \$279,387, one of the lowest values in the block.

"It's clearly preferential," said one former White House official of Mr. Deaver's loan arrangement.

"No ordinary person with his income and credit history could walk into a bank and get a three-year mortgage for half a million dollars," the official said.

The monthly payments on the loan, even at Mr. Deaver's currently estimated high income level, would be considered enormous "unless he's ballooning it [the loan] and paying interest only," a senior White House official said last week.

Mr. Deaver would benefit from a sizable tax deduction each year if he is paying only interest and plans to repay the principal on Oct. 1, 1988, when the loan comes due, sources said.

Mr. Deaver quit as Mr. Reagan's deputy chief of staff last May to open his own public relations firm. He quickly signed on as clients more than a dozen corporations and foreign countries.

His estimated yearly billings now top \$4.25 million.

A conflict-of-interest probe concerning Mr. Deaver's \$105,000 yearly contract with Canada is currently being conducted by the General Accounting Office.

In his most recent filing as a foreign agent with the Justice Department, made on March 11, Mr. Deaver revealed that he has signed a three-year, \$1.5 million contract with Saudi Arabia to "strengthen American understanding of and respect for the Kingdom of Saudi Arabia" and to come up with a "strategic plan" to promote the sheikdom's trade and economic interests.

Since he left the White House, Mr. Deaver also has signed contracts to

do public relations consulting and lobbying for South Korea a year and Mexico, Singapore, the Daewoo Corp. of South Korea \$250,000 a year each. Las Vegas was paid \$300,000 for a five-year effort to increase sugar imports into the United States by Pan Sugar Group Inc.

Under federal law, U.S. and companies that represent foreign governments, business-related organizations are to file with the Justice Department within 10 days of receiving a contract.

But according to the Department records, Mr. Deaver was late in filing as a foreign agent, at least four of the foreign countries: the International Cultural Center of Korea, Daewoo Corp., CBI Sugar Group.

In the case of the CBI, dated July 1, Mr. Deaver was late at least \$150,000 before he filed with the Justice Department. CBI's foreign agent five years in mid-December.

"If they were receiving the question is, were they doing any activities," said Joe Clark.

HOWARD

From page 1A

expansions have not exceeded \$50 million per project.

The university's Board of Trustees has not yet approved the project, according to Mr. Estep. It is not known whether they will take up the issue this academic year or the next, he said.

Green Line, now under construction, is expected to facilitate access to the Howard area. And the city's economic development office has helped merchants by giving them low interest loans to improve their businesses.

architectural and development retained by Howard. The project would include apartment units, retail space for shops, an office, primarily occupied by employees and a 32,000

Deaver Met With OMB Chief On Behalf of B1 Contractor

By David Hoffman
Washington Post Staff Writer

4/1/86
SANTA BARBARA, Calif., March 31—Former White House deputy chief of staff Michael K. Deaver, now a lobbyist and consultant, recently met with James C. Miller III, director of the White House Office of Management and Budget, on behalf of a client, Rockwell International Corp., which is trying to persuade the administration and Congress to build more B1 bombers.

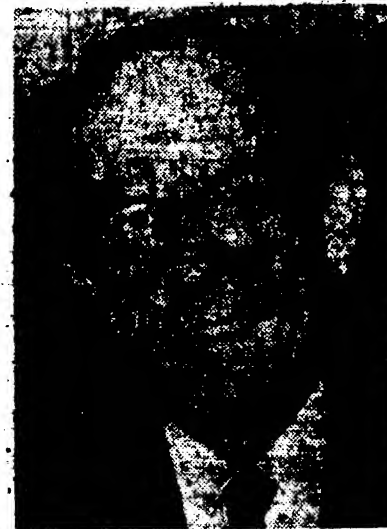
The meeting unsettled some White House officials, administration sources said, because of federal rules that prohibit a senior official who leaves the government from lobbying his former department or

sonally and substantially involved while in government.

Deaver, who left the White House last May, said in a telephone interview today that he "absolutely" did not violate the rules because the budget office is separate from the White House and he did not work on the B1 issue while at the White House.

A senior White House official said that "technically" Deaver did not violate the rule because Miller, at the Office of Management and Budget, is not part of the White House Office, which is made up of top presidential aides such as chief of staff Donald T. Regan.

When Miller told other White House aides of the meeting, presidential counsel Fred F. Fielding



MICHAEL K. DEAVER
... denies violating federal rules

icize Miller or Deaver but simply repeated the rules.

Since he left the White House, Deaver has rapidly become a highly visible lobbyist for various foreign governments and corporations.

Deaver Meeting With OMB Ch

DEAVER, From A1

In the B1 bomber case, Rockwell is trying to persuade the administration to continue buying the bomber after the 100th is delivered in 1988. But rival Northrop Corp. is pushing the administration to stick by its current plan to stop buying B1s and instead go forward with the Stealth advanced-technology bomber.

Deaver served for nearly two decades as a top adviser to Reagan and was credited with successfully blending policy initiatives and image-making in Reagan's first term.

Deaver still retains close personal ties to the Reagans, and is sometimes invited to advise White House officials on communications strategy. For example, two White House officials said Deaver attended a meeting in February to discuss Reagan's approach to selling his defense budget to Congress and the American public.

Other public relations firms have reportedly made inquiries about purchasing Deaver's firm in Washington. Deaver said today he is "in the process of negotiation" on the sale of his firm, Michael K. Deaver & Associates, to the London-based Saatchi and Saatchi, parent company to the biggest advertising agency in Europe and the fourth-largest worldwide.

Deaver would not provide details, but informed sources said the transaction, which may be completed in a matter of weeks, was valued at nearly \$18 million, which Deaver would receive over several years while continuing to retain control over his office in Washington.

In 1979 and 1983, the advertising arm of the British firm, Saatchi and Saatchi Compton Worldwide, worked for the Conservative Party and Prime Minister Margaret Thatcher. Its other clients include British Petroleum, Cadbury Schweppes, British Airways,

Renault automobiles, Pro Gamble, Johnson & Johnson, Paine Webber, according to firm's New York office accounts. Saatchi and Saatchi also acquired business-services advertising agencies in the States.

On the B1 issue, Deaver said he did not ask Miller to do anything specific. Deaver was "bringing him up to date on what I was doing, up front" on B1, and also talked to Miller on other matters.

The meeting came to the attention of top Reagan aides who told them about it at a White House staff meeting, according to several participants. Deaver, the budget spokesman, said Miller had been in the room for a while, but he did not know Miller, he said, told the pre-



An in-depth look
at the Stanley Cup
playoffs/4D



Dramatic act
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WEDNESDAY, APRIL 9, 1986*

WASHINGTON, D.C.



DEAVER

From page 1A

to block anyone hoping to follow in their footsteps.

Mr. Deaver said he has not followed the progress of the bill, which, if enacted, would have little effect on those who already have made the jump from public to private life.

Some observers say Mr. Deaver's image and its benefits will diminish when Mr. Reagan leaves office. Others say his talents — and he has many — stand on their own.

Some simply find his situation unprecedented and unsettling. One former administration colleague said Mr. Deaver's example "offends the sensibilities."

"There's nothing I can do about that," Mr. Deaver said in response. "All I can do, and the thing that I want to do more than anything else, is to offer a professional service. I pride myself on that. And I would resent people hiring me — in fact I have turned down clients — who simply want access."

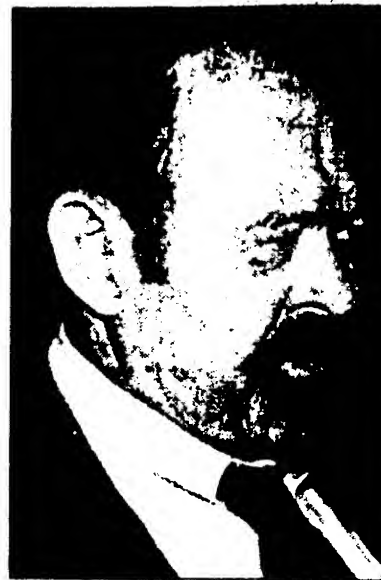
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"There's no reason in the world for them to invite [the Deavers] to their house for Christmas dinner, except that you like them," Mr. Nofziger said. "And they do [consider Mr. Deaver a close friend]. There's just no question about it."

Mr. Deaver, asked to describe his relationship with the Reagans, said, "Oh, I think just best friends."

"I really don't think of them in any other terms. I mean, I really have never thought about him as the president. I've always thought about them as friends, and I can't imagine what my life would have been like without them. And they really have been central to my life."



Lyn Nofziger

"I have no money left. We are living on our savings," he was quoted as saying just before Christmas 1981.

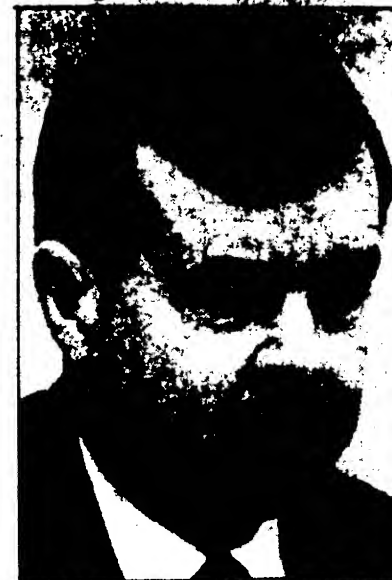
By the end of 1982, he had changed his mind about leaving Mr. Reagan, but continued to signal publicly that he was becoming destitute in service to the president.

News reports in the fall of 1982 said Mr. Deaver was "telling friends and associates" he would be leaving the administration in 1983 because "his personal savings have been depleted from more than \$30,000 to \$3,000, according to reliable accounts."

Mr. Deaver also has found his White House service made him a particular target of conservative critics, who charge that he is not in tune with the Reagan agenda.

But Mr. Deaver said he constantly had to work as a moderating force within the president's inner circle and guard him from policy actions or misjudgments of his more conservative supporters.

"First of all, I think Reagan is a moderate man," Mr. Deaver said. "I've never believed he's as far to the right as the conservatives would like him to be. I think by nature he's a moderate, compassionate person."



William P. Clark

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Questions also have been raised about Mr. Deaver's more recent three-year, \$1.5 million contract to represent Saudi Arabia as a foreign agent and other lucrative contracts to advise foreign governments on how to obtain favorable action from the U.S. government.

He was known to be attentive to Saudi interests while on the White House staff. A large inaugural party held last year by Prince Bandar, the Saudi ambassador, was attended by a number of California friends of Mr. Reagan, reportedly at the urging of Mr. Deaver.

Mr. Deaver, as a result of his White House position, has become close to world leaders and business tycoons, such as Japan's Prime Minister Yasuhiro Nakasone, pro-Peking shipping magnate Sir Yue-kong Pao of Hong Kong and Armenian-American, billionaire founder of Occidental Petroleum Corp. and longtime patron of the interests of the

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Mr. Deaver's relationship with Nancy Reagan is viewed with some bitterness by many other original key supporters and former staff members of the president, going back to the 1960s.

One early associate said Mr. Deaver endeared himself to the first lady by "feeding her penchant for being treated as royalty."

"Deaver obtained his power first by being willing to carry out her every wish or whim, regardless of what it was," the associate said. "Some of us called it 'Stepin Fetchitism.'"

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"That's why I always laugh about the line of 'Let Reagan be Reagan,' which was aimed at me and Jim Baker," Mr. Deaver said. "That's all I ever did in 20 years was try to let the man be what he was. But what he was was not exactly what others wanted him to be."

Mr. Deaver said it was his role, with Mrs. Reagan, to protect the president, particularly from the "far" right.



William P. Clark

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Mr. Nakasone personally asked Mr. Deaver to arrange a visit by Mr. and Mrs. Reagan to his mountain retreat — his Camp David — when Mr. Deaver advanced the president's Far East trip in 1983. Mr. Deaver immediately agreed, and he and the Japanese prime minister have been in contact on trade matters ever since.

Mr. Deaver is representing the Phillip Morris Co., which is trying to break into the lucrative tobacco markets in Japan, South Korea and Taiwan. On a recent trip to Tokyo, Mr. Deaver took U.S. Ambassador



Patrick Buchanan

work for the president's 1984 trip — making one side trip Force One backup for a pair of Pao's yacht on his way from Tokyo.

Mr. Pao is said to have talked Deaver on worldwide matters. One of Mr. Deaver's contracts at \$250,000 a year is the Corp. of South Korea, or largest shipbuilders in Asia.

Personally, associates know Mr. Deaver as a sociable man who enjoys attention.

The son of a Shell oil director in the California oil town of Oildale, Mr. Deaver paid his way through college by playing basketball and fraternity parties at Jose State, where he received a bachelor's degree in political science. He has played "since I was 10" and can play "anything but chess," he says.

"He's got perfect pitch," Mr. Nofziger. "Mike always loved playing with 'the beautiful people' making a hit by playing the piano. He said another former associate of the early California days."

After college graduation, Deaver's keyboard finesse helped him raise enough money to get him out of Australia, where he was stranded with a friend while waiting around the world. He left with the idea of becoming an

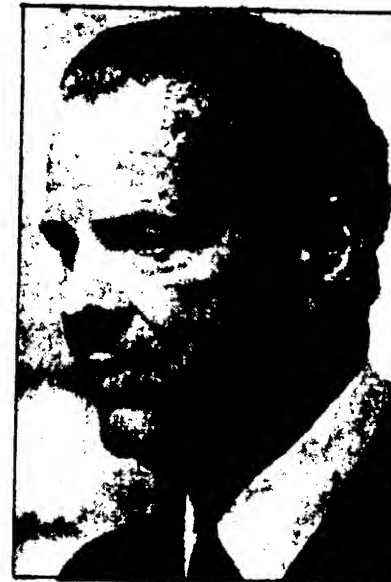
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Edwin Meese III



James A. Baker III

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things for Mr. Reagan: making sure, particularly on foreign trips, that his food did not include tomatoes, which he doesn't like; that he was always served decaffeinated coffee and well-done beef; and that his hotel rooms were not repainted the day before he arrived, because the fumes keep him awake.

Mr. Deaver would lend Mr. Reagan his reading glasses when Mr. Reagan's were misplaced or broken.

"It just evolved that Deaver wound up handling personal aspects of the governor's job — worrying about the governor and Mrs. Reagan, their travel, their arrangements, their problems, that sort of thing," Mr. Nofziger said.

"Mike handled them very well and became very good at meeting and anticipating the needs of the Reagans. And so they came to depend upon him. He became very close to them. And there is a great affinity between the Reagans on the one hand and Mike Deaver on the other. They are comfortable with him, they like him, he's a personal friend."

Before Mr. Reagan became president, Mr. Deaver once saved him from choking to death on a cam-

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"They [Messrs. Baker, Meese, and Deaver] decided that the way they would reassure the country was by very consciously, conspicuously going down to the hospital every day and having a stake-out by the press outside the hospital. And you'd have the White House cars arrive and several 'important advisers' get out to go — quote, unquote — 'meet with the president at the hospital to discuss national policy issues'".

But the three senior aides really only held a few 10- or 15-minute meetings with Mr. Reagan on some days, depending on his condition and strength, the official said.

"They'd go into the hospital and have breakfast. They weren't meeting with the president. They'd go have breakfast and sit down and talk to each other. . . . But for all that the outside world knew, these were the three most important guys at the White House meeting with the president to discuss policy. The press didn't know what was really going on. It was staged."

As one of the White House "top three," Mr. Deaver



Patrick Buchanan

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Before Mr. Reagan became president, Mr. Deaver once saved him from choking to death on a campaign plane. "Ronald Reagan was sitting there on the airplane eating peanuts and he swallowed one wrong," Mr. Nofziger said.

As the governor choked and started turning blue, Mr. Deaver pushed Mrs. Reagan out of the way and grabbed him around the rib cage, he said. "He [Mr. Deaver] did the Heimlich maneuver on him and popped the peanut out."

Mrs. Reagan especially "looks upon Mike as a very close personal friend and confidant and aide and somebody who has their best interests at heart and somebody whose judgment she trusts," Mr. Nofziger said.

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As one of the White House "top three," Mr. Deaver became the president's "master of symbolism and hoopla," said Time magazine. He orchestrated almost every detail of the president's foreign trips, making sure that television signals always

more into the policy arena, putting him at odds with Mr. Meese and conservative leaders of outside political groups when he pulled the president back from key issues on their agenda, such as elimination of federally mandated racial preference in employment practices on government contracts.

Last year, when White House

Deaver's expensive tastes arrived with the franchise

By Lucy Keyser
and George Archibald
THE WASHINGTON TIMES

Ronald Reagan was clearly irritated and uncomfortable. He had been dragged into an angry confrontation in his own living room between two factions of his staff. Each side was determined to

silent after hours of heated argument.

Mr. Deaver quickly took the initiative to save Mr. Reagan from the kind of agonizing personnel decision he knew the former California governor always hated to face.

"No, governor, you had to

White House, Mr. Deaver continued his role as the Reagan's companion, counselor, image maker and friend. And he took the study right next to Mr. Reagan's Oval Office in the West wing for his own office.

The penny-a-day road leads

From page 1A

strict and sending two children to private school.

"He didn't acquire that taste [in Washington]. He's had it for a long time," said a longtime friend and associate. "And he has a very, very great drive to earn lots of money."

Mr. Deaver became the brunt of jokes after his complaints about his salary. Aides placed a glass jar outside his office labeled, "A penny a day helps Deaver to stay."

But some administration officials were less than amused about what they felt was Mr. Deaver's use of his White House imprimatur to bolster his family finances. Their disquiet has grown since Mr. Deaver left the White House in May 1985 and set up a consulting firm that has grown into a multimillion-dollar business.

Part of their concern extends to the power Mr. Deaver apparently still wields in the White House. A source close to John Gavin, who announced his resignation as U.S. ambassador to Mexico this week, said the president asked Mr. Gavin to stay on.

Mr. Gavin declined, and also refused requests from Secretary of State George Shultz that he remain. Part of the reason, the source said, was that Mr. Gavin was unhappy with Mr. Deaver's being able to conduct his own personal diplomacy between the highest levels of the White House and Mexican officials.

While in the White House, Mr. Deaver reportedly asked Mr. Gavin to quit. And last January, Mr. Deaver signed a \$250,000 contract with the government of Mexico to consult on Mexico's "trade, investment and economic interest in the U.S."

The appearance of making money on the president, however, is what most irritates Mr. Deaver's detractors.



Photo by Dahn Papp/The Washington Times

Former deputy chief Michael K. Deaver: "I wonder what people thought I was going to do when I left the White House? Be a brain surgeon?"

Germany on White House business, Mr. Deaver and his top White House aide, William F. Sittman — now vice president of the Deaver firm — used their diplomatic passports to purchase \$25,000 BMW luxury cars at an \$8,000 discount.

Following news reports, then-

federal financial disclosure reports.

Money also lay at the root of an incident that apparently ended a long friendship between Mr. Deaver and his former partner, Peter Hannaford. The two men — who were both aides to Mr. Reagan when he was governor — formed a public

The time has come for a Special Counsel

interest in the central issue between Canada and the U.S.; Canada became one of the earliest Deaver clients; and the Reagan position was changed. Michigan Representative John Dingell has asked the Government Accounting Office to probe conflict of interest.

The Ambassadorial Appointment Involvement: While in the White House, Mr. Deaver took part in recommending ambassadors. When a Deaver operative telephoned U.S. Ambassador to Mexico John Gavin to ask him to make room for the next appointee, Mr. Gavin hotly refused, and President Reagan later reaffirmed his appointment as envoy. Even without his own choice in Mexico City, Mr. Deaver pitched and won a piece of the Mexican account.

The Saudi Policy Reversal: Two weeks after hiring Mr. Deaver at \$500,000 a year, Saudi Arabia is being importuned by George Bush to bolster oil prices in a flip-flop of our free-market position. Says Mr. Deaver: "I have not discussed oil prices with anybody in the U.S. Government, or

4/4/86
NY Times

ESSAY

William Safire

Reagan's Billy Carter

WASHINGTON

The growing Reagan access-peddling mess was presaged in this space four years ago, in a suggestion that Michael Deaver, public relations man to the President, might be "advertising for clients" in his complaints about the hardship of living on a White House salary.

"You implied that I am using my White House position to obtain clients for the future," protested Mr. Deaver, "or assisting former clients for personal gain. I resent the innuendo."

One year later came the announcement of "the White House Diet", a publishing venture in which Mr. Deaver was to supplement his salary by using the White House imprimatur on a diet book. That private exploitation of his public position was tacitly approved by ethics guardian Fred Fielding, but when it was pointed out here that the project was shaped to bring in \$300,000, the Deaver book contract was quietly shelved.

Mr. Reagan, responding to a question last night in his nationally televised press conference, said he had the "utmost faith" in Mr. Deaver.

"I have to tell you that Mike has never put the arm on me... since he has been out of government," Mr. Reagan said. "I think people are saying this just because he's being darned successful."

But several longtime associates said in interviews that Mr. Deaver usually expected future benefit when providing service to others during his tenure in the White House.

"Whenever he did favors for people, he was always keeping in mind how he would capitalize financially because of what he was doing for them," said one former associate.

Many current and former Reagan aides interviewed for this article said they believe Mr. Deaver paid his dues through "indentured servitude" to the president, but that he has no right to capitalize on that service by trading on Mr. Reagan's name to become a multimillionaire lobbyist.

However, none of the critics would comment for attribution, saying they feared retribution.

Lyn Nofziger, a longtime Reagan political and media adviser to Mr. Reagan, was reluctant to criticize Mr. Deaver as an opportunist.

"We all take advantage of opportunities that come along," he said. "Am I an opportunist? Sure. I've taken advantage of the fact that I worked for him [Mr. Reagan]."

"He [Mr. Deaver] has contributed in kind," Mr. Nofziger said. "He's contributed heavily to the president, to the president's well-being, to the Reagan family's well-being. And I think if you talk to the Reagans, they would tell you the same thing."

Currently, bills are pending in the House and Senate that would prohibit for up to 10 years lobbying by former government officials on behalf of foreign governments and business. A third bill on this subject will be introduced shortly by Sen. Strom Thurmond, Republican of South Carolina.

Among incidents that critics cited of Mr. Deaver's using his connections with the White House or the Reagans for personal gain:

- In 1982, Mr. Deaver contracted with William McGowan, a

The letter, which the president sent last Nov. 6, endorsed the efforts of a group of District businessmen and officials to get a baseball team for the city.

White House officials initially were concerned about a possible conflict of interest, sources said, because Mr. Deaver was involved in the baseball issue at the White House during two years that the local promoters had lobbied for the president's involvement. But Mr. Fielding ruled there was no problem because the Deaver firm was donating its public relations services to the baseball initiative, said a top White House official.

But an administration official involved in reviewing the baseball franchise issue and the draft letter prepared for the president's signature by the Deaver firm said officials didn't know that Mr. Deaver ob-

really nothing that

The new deal proposed by Mr. McKean also would have meant higher taxes for Mr. Hannaford and complications for his new investors, he said.

He never talked to Mr. Deaver, and Mr. McKean "later told me they'd done something else to ease his tax burden," Mr. Hannaford said.

"But from that time forward, Deaver turned his back on our friendship," he said. "It took me about four months to figure it out, that he'd done that, but he did."

"He never told me he was unhappy," Mr. Hannaford said, but Mr. Deaver "poor-mouthed me to the Reagans and to a lot of other people" — saying he received less than his fair share of the firm.

"I know, because they called me and told me," Mr. Hannaford said.

Friends and former co-workers say Mr. Deaver's remarks were prompted by frustration that he could not afford the expensive tastes of Washington power brokers with whom he now mixed, the cost of living in the District and sending two children to private school.

tained a three-year, \$510,000 mortgage loan from Riggs National Bank to buy a home in an affluent Washington neighborhood about six weeks after the president sent the letter to Mr. Ueberroth.

Joe L. Allbritton, Riggs' chairman, is one of the financiers who hopes to become a co-owner of a new Washington baseball team.

- Mr. Deaver had several other brushes with the White House counsel's office — the ethics ombudsman in the presidential family — sources reported.

For example, he was the subject of press reports and an internal White House probe in 1983 when it was learned that his California tax accountant, John R. McKean, received an appointment to the U.S. Postal Service Board of Governors.

Through all the criticism, however, Mr. Reagan has always stood by Mr. Deaver, who still holds a White House pass.

"He has been with us a number of years," Mr. Reagan told reporters May 10, 1985, in Portugal, the last trip arranged by Mr. Deaver as a White House official. "I have never found fault with anything that he's doing, with his loyalty, with his friendship, and with the common sense that he has always used."

"I consider Mike's leaving in the nature of an amputation, and it is me that is suffering the amputation," the president said.

In a letter formally accepting his resignation, Mr. Reagan told Mr. Deaver, "I haven't accepted it in my heart, and there I never will."

Making his refusal to accept

Leave it to Deaver

Access: that's the key to lobbying. Without access, a lobbyist has no clout, as they say in Chicago. No lobbyist has higher access or more clout than Michael K. Deaver, former White House deputy chief of staff, longtime Reagan family sidekick, and currently head of Michael K. Deaver & Associates.

Mr. Deaver now pulls down \$250,000 a year from one client, Rockwell International Corp., makers of the B-1 bomber. Fending off questions about a possible impropriety, Mr. Deaver purrs: "If I called up the president of the United States or [national security adviser] John Poindexter and said I want the B-1 over the ATV, then you could throw me in jail."

He has in fact done no such thing. Instead he has pushed the B-1 with OMB Director James C. Miller III. The Ethics in Government Act says that for a year no former top official can lobby "his former department or agency or any of its offices or employees" about "any particular government matter . . . which is pending before such department or agency in which it has a direct or substantial interest." Though OMB works out of the White House, it is technically a separate department, which keeps Mr. Deaver out of jail.

Moreover, Mr. Deaver says he didn't work on the B-1 at the White House, thus skirting

the law's ban on lobbying for anything in which he "participated personally and substantially" as a government employee. Mr. Deaver did PR work for Rockwell before coming to the White House and afterwards maintained close contact with Robert Anderson, Rockwell's chairman. But because he worked on many other strategic weapons, it cannot be said that he participated "substantially" in B-1 decisions, and again everyone's off the hook.

Everyone except the American people. Would the B-1 or the new ATV bomber better defend America? Mr. Deaver's high-level huckstering has muddled the debate on this crucial question. And while his actions may not have violated the letter of the law, the propriety of his performance is more than a little dubious.

Yet some good still may emerge from Deavergate. It is clearer than ever that the Ethics in Government Act must be broadened to prohibit former government officials from lobbying government agencies that worked *closely* with their former offices. And the act should elaborate on what is meant by participating "personally and substantially." Finally, if only for sake of appearances, shouldn't Mr. Deaver turn in his White House pass?

White House stymies GAO Deaver probe

Wash Times 4/2/86

By George Archibald
and Lucy Keyser
THE WASHINGTON TIMES

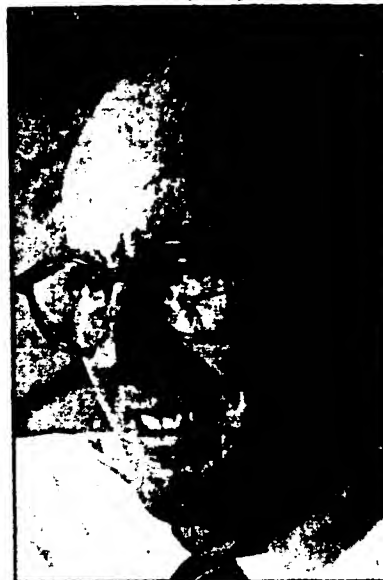
The White House has stymied a conflict-of-interest probe of President Reagan's former deputy chief of staff, Michael K. Deaver, for three months by failing to provide key documents, according to a General Accounting Office official.

The GAO probe is looking into the relationship between Mr. Deaver's activity on the controversial "acid rain" issue while he was in office and

Weapons chief says 100 B-1s are enough. Page 3A.

his later role as a consultant under contract to the government of Canada in influencing the administration's subsequent change of position.

Meanwhile, a former administration official has disputed White House claims that Mr. Deaver was



Michael K. Deaver

blocked by the White House coun-

DEAVER

From page 1A

ent that they use to advise [White use] people on ethics matters," official said.

The official said staff turnover in the office of the president's counsel may have contributed to the delay in furnishing the information. A new White House counsel, Peter Wallison, succeeded Fred F. Fielding, whose resignation was effective Monday.

Neither Mr. Wallison nor Mr. Fielding could be reached yesterday for comment on the documents.

Mr. Dingell asked the GAO to determine whether there was any conflict of interest between Mr. Deaver's official role on the U.S.-Canadian acid rain issue as a top Reagan aide in early 1985 and the consulting contract he obtained in Canada when he left the White House last May to set up his own private public relations business, Michael K. Deaver & Associates, according to congressional and GAO sources.

Mr. Deaver, while still with the White House, was intimately involved in President Reagan's summit meeting a year ago with Canadian Prime Minister Brian Mulroney and helped convince Mr. Reagan to launch an acid rain study commission, officials said. The commission, headed by former Transportation Secretary Drew Lewis, later called for a far more aggressive acid rain cleanup program than the administration had initially envisioned.

Mr. Deaver left the White House less than two months after Mr. Rea-

three months had signed up Canada as one of his first clients, with special consulting duties relating to the acid rain issue.

At a second U.S.-Canadian summit last month—in a break with past policies that some press reports credited to Mr. Deaver's efforts—Mr. Reagan agreed in principle to a \$2.5 billion, five-year U.S. commitment to test clean-coal technologies to reduce smokestack emissions linked by researchers to acid rain.

"I'd say he's got a problem with acid rain," a White House official said last week.

Federal law prohibits former government officials from ever lobbying on issues in which they "participated personally and substantially" as a government employee. The law also prohibits a senior official from seeking to influence "his former department or agency or any of its offices or employees" for one year after leaving the government.

Mr. Deaver, who was allowed to retain his official White House pass for access to the executive mansion after he left the government, caused concern among some White House officials for meeting with OMB chief Miller on behalf of Rockwell International Corp., which is attempting to overturn an administration decision to buy no more than 100 B-1 bombers.

Mr. Miller told reporters before a speech in Detroit yesterday that he and Mr. Deaver had a "very routine" 15- to 20-minute meeting requested by Mr. Deaver to "make a standard pitch" for selling more B-1 bombers to the government.

Mr. Miller said he checked with his attorney, who in turn talked with then-presidential counsel Fielding, before the meeting to make sure

Last year, at Mr. Fielding's request, the Office of Government Ethics changed its revolving-door regulations for senior officials in the Executive Office of the President so that it is now allowable for former White House officials to deal with officials of other presidential offices, such as OMB, as soon as they leave the government.

In defending Mr. Deaver's actions yesterday, administration officials noted that OMB is now technically separate from the White House staff regarding ethics and conflict-of-interest matters.

However, according to budget documents submitted to Congress

program—including the B-1 issue, the official said. "He [Mr. Deaver] handled these things," said the former White House adviser. "He did not refuse from any consideration, of the B-1."

Mr. Deaver's former public relations company, Deaver Hannaford, also represented well before Mr. Deaver left in 1981 to become one of Reagan's top three White House advisers.

Mr. Deaver's contract with the Canadian government was one of a number of lucrative con-

"I'd say he's got a problem with acid rain," White House official said last week.

by the administration, OMB and several other offices intimately involved in the White House operation—such as the National Security Council—are part of the Executive Office of the President for both funding and policy purposes.

"It would appear there was no violation of the one-year prohibition," White House Deputy Press Secretary Larry Speakes told reporters accompanying the vacationing president yesterday in Santa Barbara, Calif.

"The OMB director does not work in the White House and Mr. Deaver did not ever deal with this [B-1 bomber] issue in the past," Mr. Speakes said.

However, another former administration official who attended meetings of the president's National Security Council disagreed. Mr.

agreements Mr. Deaver made with foreign governments, which included Singapore, South Korea, Mexico, after he left the White House in May 1985. He also had a similar contract with Puerto Rico.

Foreign business is a major part of Mr. Deaver's total billings, estimated at \$4.25 million a year.

Mr. Reagan's former deputy press secretary refused in a recent interview to discuss his specific clients, saying it was "nobody's business." He described himself and President Mrs. Reagan as "best friends," Mr. Deaver said.

"I would never use my relationship [with the Reagans] on behalf of a client. I never have and never will. First of all, it's not necessary. We really are trying to do help a client strategize with their objectives may be v-

4/2/86

Report on Deaver spurs Hill reaction

By George Archibald
THE WASHINGTON TIMES

A White House report that Michael Deaver took part in Reagan administration acid rain policy deliberations just before signing on as Canada's foreign agent has given Congress further impetus to tighten conflict-of-interest prohibitions, sources said yesterday.

The revelations by White House Counsel Peter J. Wallison, in a report to the General Accounting Office, also might scotch an \$18 million deal being pressed by Mr. Deaver, former deputy chief of staff for President Reagan, to sell his lobbying firm, Michael K. Deaver & Associates, to the worldwide public relations conglomerate Saatchi & Saatchi, said several trade experts.

The report says Mr. Deaver participated in U.S.-Canada acid rain discussions right up to his departure from the White House in May 1985, administration officials said over the weekend.

According to records of the Justice Department's foreign agents registration unit, Mr. Deaver signed a \$105,000 contract with Canadian Ambassador Alan Gottlieb on July 1, 1985, to represent his government on the acid rain issue.

The contract was not registered with the department until more than two months past the 10-day deadline required to register as a foreign agent, the records show.

The White House disclosures suggest Mr. Deaver might have started contract discussions with Canadian officials while he was still in office, said a Democratic official on the Senate Judiciary Committee.

"It looks like something was going on while he was still at the White House," the official said. "This revolving-door problem is obviously an area we would want to look at."

Mr. Deaver could not be reached for comment over the weekend. In

previous interviews he has maintained that his involvement in the acid rain issue was consistent with his White House duties and had no bearing on the contract he signed to become a lobbyist for Canada in Washington.

The Senate Judiciary Committee will consider legislation later this month to penalize such "revolving-door" abuses with a \$250,000 fine and two-year jail sentence, said a spokesman for Republican Sen. Strom Thurmond of South Carolina, the committee's chairman and chief sponsor of the bill.

It is illegal for government employees to negotiate private business deals with individuals or organizations with whom they have official contact. Senior government officials are also barred from ever lobbying on matters in which they "participated personally and substantially" while in office.

The law also prohibits former officials from lobbying the government for two years on matters for which they were responsible during their final year in office.

The White House report, sent to the GAO last week, is a summary of individual interviews with White House officials and draws no conclusion about whether Mr. Deaver violated conflict-of-interest or lobbying laws, sources said.

However, several administration officials reported that Mr. Deaver was instrumental in reversing Mr. Reagan's stand on the acid rain issue, the sources said.

During his first term, Mr. Reagan rejected the Canadian view that man-made pollution from industrial and utility company smokestacks in the northern United States was responsible for acid rain in Canada. But, at Mr. Deaver's urging, the president backed down and promised aggressive clean-up and prevention efforts when he and Canadian Prime Minister Brian Mulroney held their

successful March 1985 summit talks in Quebec.

At that summit, Mr. Reagan and Mr. Mulroney each named special envoys to spearhead a yearlong study. Mr. Deaver was under contract to the Canadian government for nine months while the study was under way and has told reporters that he was in contact with U.S. envoy Drew L. Lewis concerning the outcome.

The result was an agreement this year by both governments to spend \$2.5 billion each on a five-year program to combat acid rain — a major shift in U.S. policy by Mr. Reagan, who had been urged by other top officials opposing Mr. Deaver's position not to spend more money on the effort, sources said.

The Senate committee will hold hearings April 29 on Mr. Thurmond's bill to ban top government officials for life from assisting foreign clients once they leave office, said a committee spokesman.

The bill would affect Cabinet secretaries, undersecretaries and the president's top 25 White House officials, including his chief of staff and deputy chief of staff.

The House Energy and Commerce Committee, which requested the GAO investigation, and a House Judiciary subcommittee also plan hearings this spring on the lobbying activities of former government officials.

The focus of the inquiries will be lobbying for foreign clients, lawmakers said. In addition to Canada, Mr. Deaver represents the governments of Saudi Arabia, South Korea, Mexico, Singapore and a number of foreign companies.

Rep. Marcy Kaptur, an Ohio Democrat and chief backer of one bill to tighten up revolving-door rules, called lobbyists like Mr. Deaver "economic quislings — traitors when their country needs them."

The congressional prohibitions that Mr. Deaver's former White House position obtain lucrative contracts from foreign clients has probably efforts to sell Michael K. Associates for \$18 million & Saatchi and become a part of the British-based public relations executive firm, said several public relations executives.

"The last thing the Saatchi & Saatchi firm is that kind of potential liability," said the owner of one U.S. firm that has dealt with the British company.

"The current controversy over this is a hot potato," the owner said. "They [Saatchi & Saatchi] want a continuing stream of stories, which are bound to come out. If they're really interested in getting out Mr. Deaver, they're going to lay low before making a deal."

Mr. Deaver was quoted over the weekend as saying talks with the British company are "still in progress" and that he and accountants were on details of the agreement.

"I can't imagine any deal," said a former business associate of Mr. Deaver's. "They aren't dumbbells. They've got one with clout, like Mike. There are some strong negotiators there. Access doesn't always translate into the kind of results his clients want. He'll promise to perform tricks but can't."

One immediate problem is that government officials are on guard when dealing with lobbyists, said another former official.

"Most decision-makers value substantive integrity in the government. Another former associate [federal officials] aren't going to give any favors for him. They're on the line. And if he comes with a half-page of talk, he's going to be irrelevant and come."

Imperial Petroleum
Involvement in

IMPERIAL PETROLEUM
INVESTIGATION

Imperial

COVER STORIES



Peddling Influence

Lobbyists swarm over Capitol Hill

The hallway is known as Gucci Gulch, after the expensive Italian shoes they wear. At tax-writing time, the Washington lobbyists line up by the hundreds in the corridor outside the House Ways and Means Committee room, ever vigilant against the attempts of lawmakers to close their prized loopholes. Over near the House and Senate chambers, Congressmen must run a gauntlet of lobbyists who sometimes express their views on legislation by pointing their thumbs up or down. Not long ago, Senator John Danforth, chairman of the Senate Commerce Committee, could be seen on the Capitol steps trying to wrench his hand from the grip of a lobbyist for the textile industry seeking new protectionist legislation. Though Danforth himself wants help for the shoe, auto and agricultural industries in his native Missouri, the Senator, an ordained Episcopal minister, rolled his eyes heavenward and mumbled, "Save me from these people."

There have been lobbyists in Washington for as long as there have been lobbies. But never before have they been so numerous or quite so brazen. What used to be, back in the days of Bobby Baker, a somewhat shady and disreputable trade has burst into the open with a determined show of respectability. Tempted by the staggering fees lobbyists can command,

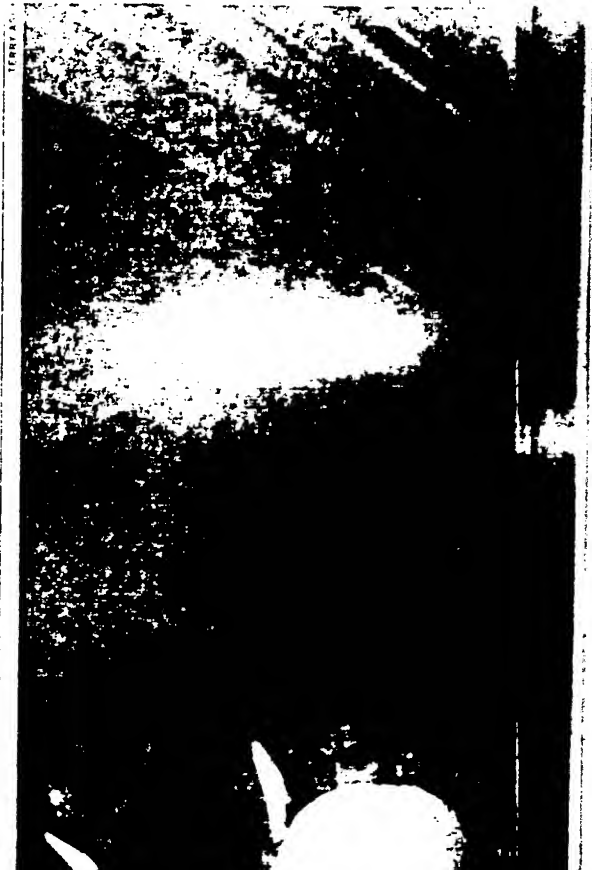
America's history and to sort out the most far-reaching reform of the tax laws since World War II, the interests of the common citizen seem to stand no chance against the onslaught of lobbyists. Indeed, the tax bill that emerged from the House already bears their distinctive Gucci prints, and the budget is still filled with programs they have been able to protect.

Of course, the common citizen often benefits from various "special interest" breaks (for example, a deduction for home mortgages or state and local taxes). One man's loophole is another man's socially useful allowance, and one's man's lobbyist is another man's righteous advocate. Nonetheless, the voices most likely to be heard are often the ones that can afford the best-connected access brokers.

As the legislative year cranks up, the whine of special pleaders resonates throughout the Capitol:

► In the Senate Finance Committee, heavy industries like steel and autos, led by Veteran Lobbyist Charls Walker, are working to restore tax breaks for investment in new equipment that were whittled down last fall by the House Ways and Means Committee.

► In the House and Senate Armed Services Committees, lobbyists for weapons manufacturers are fanning out to make sure that lawmakers do not trim their pet projects from the defense budget.



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Former Administration officials are often paid millions of dollars by special interests to oppose policies they once ar-

Lobbyists with tax loopholes to defend crowd outside the House Ways and Means Committee hearing room. The hallway is named after their favorite footwear



Nation

dently promoted. This is particularly true in the area of foreign trade, as documented by the *Washington Post* a week ago. For example, Reagan has ordered an investigation into the unfair trade practices of South Korea. That country will pay former Reagan Aide Deaver \$1.2 million over three years to "protect, manage and expand trade and economic interests" of the nation's industry. Deaver refuses to say exactly what he will do to earn his fee, but he has hired Doral Cooper, a former deputy trade representative in the Reagan Administration, as a lobbyist for his firm. Japanese semiconductor and machine-tool firms are also charged by the Administration with engaging in unfair trade

practices. They have hired Stanton Anderson, who had served as director of economic affairs for the Administration's 1980 transition team.

Foreign governments are particularly eager to retain savvy Washington insiders to guide them through the bureaucratic and congressional maze and polish their sometimes unflattering images in the U.S. The Marcos government in the Philippines has retained the well-connected lobbying firm of Black, Manafort & Stone for a reported fee of \$900,000. Another Black, Manafort client is Angolan Rebel Jonas Savimbi (see box). Not to be outdone, the Marxist regime of Angola hired Bob Gray's firm to front for it in Washington.

Two years ago, Gray told *TIME* that he checks with his "good friend," CIA Director William Casey, before taking on clients who might be inimical to U.S. interests. It is unclear just what Casey could have said this time, since the CIA is currently funneling \$15 million in covert aid to Savimbi to help his rebellion against the Angolan regime. Last week outraged Savimbi backers chained themselves to a railing in Gray's posh offices in Georgetown and had to be forcibly removed by local police.

Lobbyists call themselves lawyers, government-affairs specialists, public relations consultants, sometimes even lobbyists. They offer a wide array of increas-

Cashing In on Top Connections

"There's no question I've got as good access as anybody"

After former White House Deputy Chief of Staff Michael Deaver quit last May to become a "public affairs consultant," he drove about town for a while in a dark blue Dodge, very much like the limousines that transport top Executive Branch officials. The car served to get Deaver where he was going in more ways than one: in status-conscious Washington, it was a not-so-subtle reminder of his White House connections. Now Deaver has given up the status symbol of public power for one of private wealth. These days he rides in a chauffeur-driven Jaguar XJ6 equipped with a car phone that keeps him plugged in to some of the highest offices in the land.

The onetime California p.r. man who followed Ronald Reagan to Washington five years ago has cashed in. As a White House official, he had to moonlight by writing a diet book, while his wife Carolyn, 46, went to work for a p.r. outfit, throwing parties on behalf of private clients. But now, a dozen corporations and foreign countries, including CBS, TWA, South Korea, Singapore and Canada, pay him annual retainers that are, he says, "in the six figures." This year he should take home around \$400,000 (at the White House, his top salary was \$70,200).

What makes Deaver so valuable? "There's no question I've got as good access as anybody in town," says Deaver, as he reclines on a couch in his tastefully appointed office overlooking



Breakfasting with Bob Strauss

Reagan Administration works or who has more clout among the Reaganauts. And in a city where perception is often reality, Deaver is known as a master imager who kept Reagan's profile high and bright. It is not hard to see why the government of South Korea, under fire for unfair trade practices abroad and repression of political dissidents at home, would want to hire him, even at Deaver's asking price of \$1.2 million for a three-year contract. "There's a new breed in Washington," says Canadian Ambassador Allan Gottlieb. "Consultants about consultants." Canada hired Deaver—at \$105,000 a year—for "his unique knowledge of how this Government works from the inside," says Gottlieb.

There are some who think that Canada got more than gossip and advice from Deaver. Though the former deputy chief of staff was rarely involved in policy details at the White House, the *Washington Post* reports that before he left, he showed surprising interest in the debate over acid rain. It was Deaver who is believed to have persuaded Reagan to accede to the request of the Canadian government for a special commission to investigate the problem and make recommendations. The commission's report, issued in January, called for much stronger measures to reduce acid rain than the Administration had previously sought.

Canada was one of the first clients signed up by Deaver. Acting on complaints from Democratic Congressman John Dingell of Michigan, the General Accounting Office is now in-



President Reagan has tried to sell his tax-reform bill as the supreme test of the public interest vs. the special interests. In pitching his campaign to the public, he has accused special interests of "swarming like ants through every nook and cranny of Congress," overlooking, perhaps, that many of the most prominent ants are his former aides. Few lobbyists, however, seem especially offended by his rhetoric, and certainly their livelihoods



Nation



PITCHMAN

Lobbyist and P.R. Man
Bob Gray works his
limousine phone and
pitches his client's
cause to Senator Paula
Hawkins of Florida



are not threatened. Indeed, many lobbyists candidly admit that true tax reform would actually mean more business for them, since they would have a fresh slate upon which to write new loopholes.

The way lobbyists have feasted on the President's tax-reform bill illustrates why

into Treasury I. Insurance executives calculated that such loophole closings as taxing employer-paid life insurance and other fringe benefits would cost the industry about \$100 billion over the years. Led by Richard Schweiker, who was President Reagan's Secretary of Health and Human

ry. In the film, Senate Finance Chairman Robert Packwood, a strong advocate of preserving tax breaks for fringe benefits, was shown urging the public to write their Congressmen. The insurers also mounted a direct-mail campaign that inundated Congress last year with 7 million pre-printed, postage-paid cards. The campaign was successful: by the time the bill passed the House of Representatives last December, the insurance lobby figured that it had managed to restore about \$80 billion of the \$100 billion in tax breaks cut out by Treasury I. The insurers hope to win back most of the rest when the bill is reported out by the Senate Finance Committee this spring.

Threats to close a single loophole can bring scores of lobbyists rallying round. The original Treasury proposal sought to eliminate Section 936 of the U.S. Tax Code, which gives tax breaks worth some \$600 million to companies that invest in Puerto Rico. Treasury Department officials conceded that the tax break helped create jobs by luring business to the island, but figured that each new job was costing the U.S. Treasury about \$22,000. To defend Section 936, a coalition of some 75 U.S. companies with factories on the island formed a million-dollar "Puerto Rico-U.S.A. Foundation" and hired more than a dozen lobbyists, including Deaver. Last fall Section 936 advocates flew some 50 Congressmen and staffers to Puerto Rico on fact-finding trips.

Deaver, meanwhile, coordinated a lobbying campaign aimed at National Security staffers and officials in the State, Commerce and Defense Departments. The strategy was to cast Section 936 as a way to revive the President's moribund Caribbean Basin Initiative and erect a bulwark against Communism in the region. Some two dozen companies with plants in Puerto Rico promised that if Section 936 was retained, they would reinvest their profits in new factories on other Caribbean islands. During a tense moment in the negotiations with the Administration, Deaver even managed to place a ground-to-air call to Air Force One as it flew to the Geneva Summit last November. He wanted to alert Secretary of State George Shultz to stand fast against the maneuverings of the tax reformers at Treasury. Not surprisingly, the Treasury

new accounting rules. The lobby and lawyers was a bit crude. Congressmen received letters that were supposedly written by partners of different law firms, but were all signed by the same "Paul N. matter." Though congressional etiquette demands that each constituent's letter be answered personally, "We just let our word processors talk to their word processors," shrugged a congressional staffer.

The real deal making was done over so-called transition rules which postpone or eliminate new taxes for certain individual businesses. The House passed bill is studied with some 200 transition rules, which have been written to protect pet projects in a Congressman's district or large industries with particular clout on the Hill. Drafted behind closed doors, these rules are written in language designed to make it difficult to identify the real beneficiaries. One transition rule, for instance, waives the cutbacks on investment tax credits and depreciation for the fiber-optic networks of telecommunications companies that have committed a certain number of dollars for construction by a certain date. It turns out that just two companies profit from the exemption: AT&T and United Telecom.

Not every lobbyist made out in the wheeling and dealing, by any means. Some were a little too greedy. The banking lobby pushed an amendment that would actually *increase* its tax breaks for bad-debt reserves. The lobbyists figured that they were just making an opening bid; their real aim was to protect existing tax breaks. To their surprise, however, the amendment passed in the confusion of an early Ways and Means Committee drafting session. When jubilant banking lobbyists began shouting "We won! We won!" outside the hearing room, some Congressmen became angry. Giving money to the

Senate Committee merely try to avoid "blitzing." For many have come to depend on their "good friends" among Vermont Senator Patrick Leahy. Without them, they would have to decide how to vote on their own. Stunned aside, lobbyists do have a useful purpose by showing busy legislators the virtues and pitfalls of complex legislation. "There's a need here," says Anne Wexler, a former Carter Administration aide turned lobbyist. "Gov-

body. In the old days you never got what until a waterway project suddenly appeared in someone's district."

In some ways the growth of interest groups is healthy. Capitol Hill at times seems like a huge First Amendment jam-boree, where Americans of all persuasions clamor to be heard. Movie stars plead on behalf of disease prevention, Catholic clerics inveigh against abortion, farmers in overalls ask for extended credit. Wall

Street financiers extol the virtues of lower capital-gains taxes. No single group dominates. When the steel, auto and rubber industries saw the Reagan Administration as an opening to weaken the Clean Air and Clean Water acts, the "Green Lobby," a coalition of environmental groups, was able to stop them.

But not every voter has a lobby in Washington. "Sometimes I think the only people not represented up here are the middle class," says Democratic Congressman Barney Frank of Massachusetts. "The average folks—that's what bothers me." Of course, that is not entirely true; many ordinary citizens are represented by such lobbies as the National Association of Retired Persons and Common Cause.

Lobbyists cannot afford to rely solely on well-reasoned arguments and sober facts and figures to make their case. In the scramble to win a hearing, they have developed all manner of stratagems designed to ingratiate themselves and collect IOUs.

Helping Congressmen get re-elected is an increasingly popular device. Veteran Washington Lobbyist Thomas Hale Boggs Jr. is on

NETD

Former Carter White House Aide Anne Wexler advises a client. "There's a need here," she says. "Government officials are not comfortable making these complicated decisions by themselves"



BLITZ

Former Health and Human Services Secretary Richard Schweiker masterminded a lobbying blitz for the American Council of Life Insurance to preserve tax breaks that benefit the insurance industry



ernment officials are not comfortable making these complicated decisions by themselves." Says Lobbyist Van Boyette, a former aide to Senator Russell Long of Louisiana: "We're a two-way street. Congress often legislates on issues without re-

no fewer than 50 "steering committees" set up to raise money for congressional election campaigns. By night, Good Ole Boy Boggs can be found shmoozing at Capitol Hill fund raisers, where lobbyists drop off envelopes containing checks from Political

an investment is known as double dipping. Special interest giving to federal candidates has shot up eightfold since 1974, from \$12.5 million to more than \$100 million by the 1981 election. Nonetheless, PACs can give no more than \$5,000 to a single campaign, and all contributions are publicly filed with the Federal Election Commission. "Elections are so expensive that the idea of a PAC's having inordinate influence is ridiculous," says Boggs.

Some Congressmen are not so sure. "Somewhere there may be a race of humans who will take \$1,000 from perfect strangers and be unaffected by it," dryly notes Congressman Frank. Says Congressman Leon Pannetta of California: "There's a danger that we're putting ourselves on the auction block every election. It's now tough to hear the voices of the citizens in your district. Sometimes the only things you can hear are the loud voices in three-piece suits carrying a PAC check."

Even the most reputable influence peddlers use their political connections to build leverage. As director of the 1984 G.O.P. Convention, Lobbyist William Timmons, a quietly genial man who represents such blue-chippers as Boeing, Chrysler, ABC and Anheuser-Busch, controlled access to the podium. G.O.P. Senators lobbied him for prime-time appearances. A *Wall Street Journal* reporter described Senator Pete Domenici of New Mexico, who was running for re-election in the fall of 1984, thanking Timmons a bit too effusively for allotting time for him to address the convention. "You told me you'd give me a shot," gushed Domenici. "So I appreciate it, brother."

Family ties help open doors. Tommy Boggs' mother Lindy is a Congresswoman from Louisiana; his father, the late Hale Boggs, was House majority leader. Other congressional progeny who as lobbyists

business. Michael Deaver, with Carter, is one of half a dozen Washington hostesses who can be hired to set up private parties, which bring top Congressional officials together with private businessmen. "Facilitator," Carter puts on charitable events to burnish corporate names, like a celebrity tennis tournament that drew scores of Washington lobbyists and netted \$450,000 for Nancy Reagan's antidrug campaign. Lobbyists, not surprisingly,

serve in office. Former Congressmen are free to go onto the floor of Congress and into the cloakrooms, though they are not supposed to lobby there. "Well, they don't call it lobbying," shrugs Senator Pryor. "They call it visiting. But you know exactly what they're there for."

Congressional staffers also cash in by selling their expertise and connections. Indeed, members of the House Ways and Means Committee were concerned that

the President's tax-reform bill would provoke an exodus of staffers into the lobbying ranks. Their fears were not unfounded: the committee's chief counsel, John Salmon, quit to work as a lobbyist for the law firm of Dewey, Ballantine, James Healey, former aide to Committee Chairman Dan Rostenkowski, quit to join Black, Manafort.

As Congressmen became more independent of committee chairmen and party chieftains, they have tended to listen more to the folks back home. Predictably, however, lobbyists have skillfully found ways to manipulate so-called grassroots support. Direct-mail outfits, armed with computer banks that are stocked with targeting groups, can create "instant constituencies" for special-interest bills. To repeal a 1982 provision requiring tax withholding on dividends and interest, the small banks and thrifts hired a mass-mailing firm to launch a letter-writing campaign that flooded congressional offices with some 22 million pieces of mail. The bankers' scare tactics were dubious—they managed to convince their depositors that the withholding provision was a tax

hike, when in fact it was set up merely to make people pay taxes that they legally owed. But the onslaught worked. Over the objections of President Reagan and most of the congressional leadership, Congress voted overwhelmingly in 1983 to repeal

GOOD OLL BOY

By night, Veteran Lobbyist Tommy Boggs raises money for the re-election campaigns of Congressmen. By day, he lobbies them on behalf of his clients



COLLECTING IOU S

Superlobbyist Bill Timmons picked up IOUs by controlling access to the podium at the 1984 G.O.P. Convention. Senators lobbied him for prime-time appearances



work hard not just at re-electing Congressmen but also at befriending them. Congressman Tony Coelho of California describes the methods of William Cable, a former Carter Administration aide who lobbies for Timmons & Co. "Three out of

Grass roots organizations sometimes collide. Lobbyist Jack Albertine recently established the Coalition to Encourage Privatization. Its public policy purpose: to enable private enterprise to run services now performed by the Government. Its more immediate goal: to persuade Congress to sell Conrail to the Norfolk Southern railroad. In the meantime, Anne Wexler has been building the Coalition for a Competitive Conrail, a farm-dominated group pushing for Morgan Guaranty as the prospective purchaser.

Booze, broads and bribes—what 19th century Congressional Correspondent Edward Winslow Martin called “the levers of lust”—are no longer the tools of the trade. This is not to say, however, that lobbyists have stopped wining and dining Congressman and their staffs. Public records indicate that Ways and Means Chairman Rostenkowski spends about as much time playing golf as the guest of lobbyists at posh resorts as he does holding hearings in Washington.

Though it has become more difficult to slip a special-interest bill through Congress in the dead of night, it is not impossible. In 1981, when a group of commodity traders began lobbying for a tax loophole worth \$300 million, then Senate Finance Chairman Dole poked fun at the commodity traders on the Senate floor. “They are great contributors. They haven’t missed a fund raiser. If you do not pay any taxes, you can afford to go to all the fund raisers.” But then commodity PACs and individual traders increased their contributions to Dole’s own political action committee from \$11,000 in 1981-82 to \$70,500 in 1983-84. Dole, engaged in a campaign to become Senate majority leader, badly needed the money (his PAC contributed some \$300,000 to 47 of the Senate’s 53 Republicans). In a late-night tax-writing session in the summer of 1984, Dole quietly dropped his opposition to the tax break for the commodity traders, and it became law.

Such victories inspire other loophole-seeking businessmen to hire guides through the congressional maze, at any price. There is no shortage of hungry lobbyists ready to relieve them of their money. “You get hustlers in Washington who get hooked up with hustlers outside of Washington, and



Nofziger and well-placed friends

Revolving Door

Michael Deaver has a lot of company in other Reagan Administration officials who have left the public payroll to represent private interests in Washington. An alphabetical sampler:

Richard Allen, former National Security Adviser, now represents Japan, and Taiwan shoemakers.

Lee Atwater, another former White House aide, is a political consultant with Black, Manafort & Stone.

Joseph Canzeri, former White House assistant to Deaver, has formed the Canzeri Co. to do Washington representation.

Kenneth Duberstein, former legislative affairs liaison, is now with Timmons & Co.

Robert Gray, Inaugural co-chairman for Reagan in 1981, started Gray & Co. immediately thereafter.

Christopher Lehman, onetime National Security Council staffer, is now with Black, Manafort & Stone.

Daniel Murphy, former Bush chief of staff, is head of Gray & Co.’s international division.

Lyn Nofziger, former political liaison, is a partner in Nofziger & Bragg.

Nancy Reynolds, longtime Reagan confidante and transition official, joined Wexler, Reynolds, Harrison & Schule in 1983.

Ed Rollins, formerly an assistant for political liaison, heads the Washington office of a consulting firm.

Richard Schweiker, former HUD

able,” says one U.S. Senator. “He makes a big splash at parties, but his clients aren’t getting a lot for their money.” Gray insists that he never promises more than he can deliver. But his own clients sometimes grumble that, for a fat fee, they get little more than a handshake from a Cabinet member at a cocktail party.

When the big lobbying guns line up on opposite sides of an issue, they tend to cancel each other out. Threatened with a takeover by Mobil Oil in 1981, Marathon Oil hired Tommy Boggs’ firm to push a congressional bill that would block the merger. The firm managed to get the bill through the House by using a little-known procedural rule at a late-night session. In the Senate, however, Mobil—represented by former Carter Aide Stuart Eizenstat—was able to stop the bill when Senator Howell Heflin of Alabama blocked consideration on the Senate floor. Heflin is a friend of Mobil Chairman Rawleigh Warner.

“We’re getting to the point of lobby-lock now,” says Lobbyist Carl Nordberg. “There are so many lobbyists here pushing and pulling in so many different directions that, at times, nothing seems to go anywhere.” The most pernicious effect of the influence-peddling game may simply be that it consumes so much of a Congressman’s working day. Every time a Congressman takes a PAC check, he is obliged at least to grant the contributor an audience. The IOUs mount up. “Time management is a serious problem,” says Frank. “I find myself screening out people who just want to bill their clients for talking to a Congressman.” The lobbyists are not unmindful of congressional impatience. Lobbyist Dan Dutko, for instance, has a “five-second rule”—all background documents must be simple enough to be absorbed by a Congressman at the rate of five seconds per page. It is no wonder that Congress rarely takes the time to debate such crucial national security questions as whether the U.S. really needs to build a 600-ship Navy, as the Reagan Administration contends; most Congressmen are too preoccupied listening to lobbyists for defense contractors telling them how many jobs building new ships will create back in the district.

In theory at least, there is a partial cure to the growing power of the influence-peddling pack: further limits on campaign expenditures and on the number of

The Slickest Shop in Town

A lobbyist can perform no greater favor for a lawmaker than to help get him elected. It is the ultimate political tool, and it can be cashed in again and again. No other firm holds more of this precious currency than the Washington shop known as Black, Manafort, Stone & Kelly.

Legally, there are two firms. Black, Manafort, Stone & Kelly, a lobbying operation, represents Bethlehem Steel, the Tobacco Institute, Herbalife, Angolan "Freedom Fighter" Jonas Savimbi and the governments of the Bahamas and the Philippines. Black, Manafort, Stone & Atwater, a political consulting firm, has helped elect such powerful Republican politicians as Senator Phil Gramm of Texas and Senate Agriculture Committee Chairman Jesse Helms.

The political credentials of the partners are imposing. Charles Black, 38, was a top aide to Senator Robert Dole and the senior strategist for President Reagan's re-election campaign in 1984. Paul Manafort, 36, was the political director of the 1984 G.O.P. national convention. Roger Stone, 33, was the Eastern regional campaign director for Reagan in 1984 and is now one of Congressman Jack Kemp's chief political advisers. Peter Kelly, 48, was finance chairman of the Democratic National Committee from 1981 to 1985. Lee Atwater, 34, was Reagan's deputy campaign manager in 1984 and is now Vice President George Bush's chief political adviser. Alone among the firm's partners, Atwater sticks to advising electoral candidates and does not lobby.

The partners of Black, Manafort, Stone & Kelly say that the lobbying and political consulting functions are kept separate. "It's like a grocery store and a hardware store," insists Black. "You can't buy eggs at a hardware store and you can't buy tires at the grocery." Yet these are but fine distinctions in Washington, where the firm is considered one of the most ambidextrous in the business, the ultimate supermarket of influence peddling. "You are someone's political adviser, then you sell yourself to a corporation by saying you have a special relationship with Congress," says Democratic Media Consultant Robert Squier, who does no lobbying himself. Is it proper to get a politician elected, then turn around and lobby him? "It's a gray area," sidesteps Squier. Charges Fred Wertheimer, president of the public-interest lobbying group Common Cause: "It's institutionalized conflict of interest."

It certainly is good for business. The partners charge six-

afort. What the firm achieved was quickly dubbed "Savimbi chic." Doors swung open all over town for the guerrilla leader, who was dapperly attired in a Nehru suit and ferried about in a stretch limousine. Dole had shown only general interest in Savimbi's cause until Black, the Senate majority leader's former aide, approached him on his client's behalf. Dole promptly introduced a congressional resolution backing UNITA's insurgency and sent a letter to the State Department urging that the U.S. supply it with heavy arms. The firm's fee for such services was reportedly \$600,000.

The Black, Manafort partners have woven such an intricate web of connections that the strands become entangled at times. Lobbyist Kelly served as finance chairman of the National Democratic Institute, a public-interest organization established by Congress to promote democracy in underdeveloped countries. The institute recently sent observers to try to ensure a fair election in the Philippines. Yet Kelly's firm, for a reported \$900,000 fee, represents Philippine President Ferdinand Marcos, who stands accused of having stolen the vote. Manafort for one sees no conflict. He points out that the firm urged Marcos to try to make the elections more credible to American observers. "What we've tried to do is make it more of a Chicago-style election and not Mexico's," he explained.

As a political firm, Black, Manafort represents Democrats and Republicans alike—and sometimes candidates running for the same seat. Kelly, for instance, is doing some fund raising for Democratic Senate Candidates John Breaux in Louisiana, Bob Graham in Florida

and Patrick Leahy in Vermont. Atwater and Black are consultants for the Republican opponents in these contests. In the race for the 1988 Republican presidential nomination, Atwater advises Bush, while Stone advises Kemp. Stone and Atwater's offices are right across the hall from each other, prompting one congressional aide to ask facetiously, "Why have primaries for the nomination? Why not have the candidates go over to Black, Manafort & Stone and argue it out?"

Stone and Atwater present a contrast in styles. Stone, who practices the hardball politics he first learned as an aide to convicted Watergate Co-Conspirator Charles Colson, fancies \$400 suits and lawn parties. With his heavy-lidded eyes and frosty demeanor, he openly derides Atwater's client, Vice President Bush, as a "weenie." Atwater, an impish good

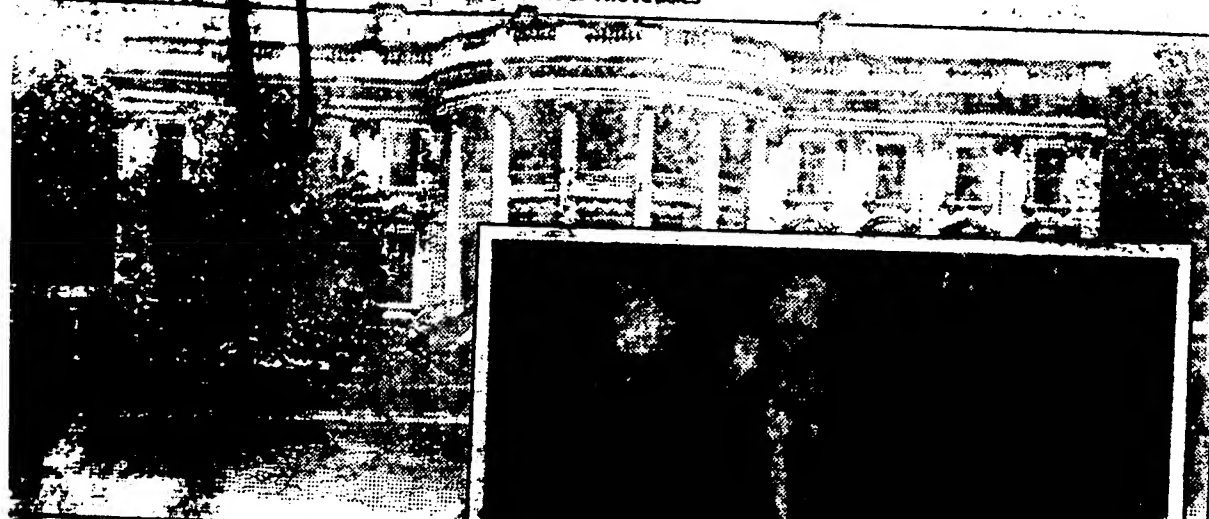


Access: Atwater chats with Vice President Bush

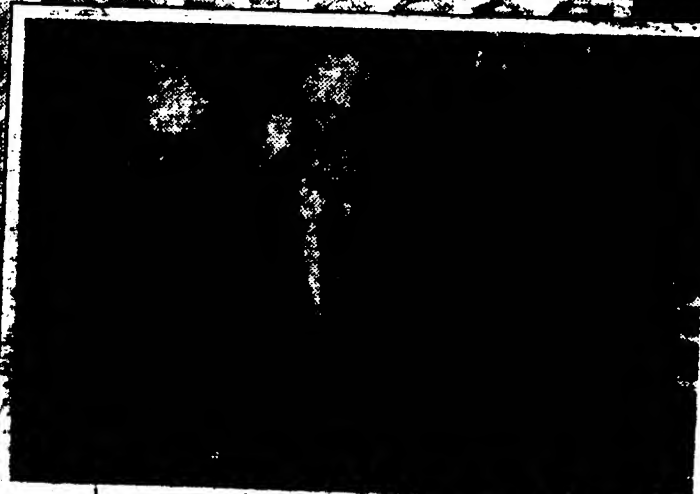
SUNDAY, OCTOBER 27, 1985

CONNECTIONS

First of Two Articles



Living Clients Ex-Aides Capitalize On White House Work



Michael Deaver, who still has a White House pass, in Cabinet room.

By Thomas B. Edsall
Washington Post Staff Writer

As the White House began detailed preparations last winter for a presidential visit to Canada in March, a number of officials noticed that deputy chief of staff Michael K. Deaver had taken what

pleased the Canadians by calling for an acid rain cleanup program that far exceeds what the administration has proposed.

Less than two months after Reagan's trip to Canada, Deaver left the White House, as he had announced earlier he would, to form a lobbying firm.

A12 SUNDAY, OCTOBER 21, 1985

THE WASHINGTON POST

GOOD CONNECT

Reagan Ex-Aides Attracting Clients

CONNECTIONS, From A1

Canadians," he said. Deaver has had notable success in attracting major clients who pay fees of \$100,000 to \$300,000. He is among what has become a wave of former White House officials moving into the private sector of Washington, selling influence, access and a claimed ability to manipulate public images and private deals.

When Reagan won the presidency in 1980 and the Republicans captured the Senate after a two-decade dry spell, there was a huge opening for the exercise of power and the reaping of profits that was just waiting to be filled.

"There are lots of companies that need representation, lots that don't have representation. There are not a lot of Republican firms out there," said Edward J. Rollins, who just left his White House job as chief political adviser to the president to form a political consulting-lobbying partnership.

Deaver acknowledges that in the case of Canada and other clients, he is providing help for a fee on issues he was involved in only months ago at the White House. But he sees no conflict and says he is following the law on such revolving-door issues.



have people in the firm who can deal with the White House."

Deaver remains a close friend of the Reagans and talks to them often, but he said he would never raise a business issue with them. "I would never talk to her [Nancy Reagan] about a client. The Reagans are friends of mine. I talk to them about other things all the time."

The Canadian contract is one small slice of business for Deaver, who estimates he has signed up 11 clients in less than six months. These clients produce annual billings in the neighborhood of \$2 million. Deaver is known to have a goal of setting a minimum annual retainer for each of his clients at \$300,000.

Deaver is hardly alone in using Reagan credentials to attract business after leaving the administration. Among the others who have moved from the White House into the world of consulting and lobbying are:

- Richard V. Allen, former assistant to the president for national security affairs. Clients of the Richard V. Allen Co. include the Panama Canal Study Group and the Republican National Committee.

- Joseph W. Canzeri, former deputy assistant to the president. The Joseph W. Canzeri Co. has represented Columbia Pictures; High Frontier, the lobby supporting the Strategic Defense Initiative (SDI); the White House Tennis Tournament, and Cable News Network's Ted Turner.

- Kenneth M. Duberstein, former chief White House lobbyist, now a partner in Timmons & Co., a lobbying firm whose clients include ABC, the American Petroleum Institute, Chrysler, Eastern Airlines and Standard Oil of Indiana.

- Wayne H. Valis, former special assistant to the president for contact with the business community, who now runs

representation of coalitions of business and trade associations on such issues as deficit reduction and banking deregulation. Among the various coalition participants are the Chamber of Commerce, the National Association of Manufacturers, the American Business Conference and the American Bankers Association.

- Franklin (Lyn) C. Nofziger, former presidential assistant for political affairs, whose firm, Nofziger-Bragg Communicators, has represented Conrail and the Long Island Lighting Co.

- Lee Atwater, former White House deputy political director and deputy campaign manager of the Reagan-Bush '84 campaign, is a partner in the firm of Black, Manafort & Stone, with clients ranging from the Dominican Republic to the Squibb Corp.

There are others who did not work in the White House, but whose earlier connections to President Reagan placed them in a position to capitalize on the partisan shift of power. Among them are Robert Gray of Gray & Co., and Peter Hannaford, a one-time partner of Deaver's who now heads his own firm, the Hannaford Co.

Deaver, however, stands out from the crowd. When he left his job as deputy chief of staff to join Washington's army of lobbyists and public relations specialists, he was the recipient of a special and symbolic gesture: The Reagans allowed him to keep his White House pass.

"The president has been very kind and allowed me to keep my pass," Deaver said in a recent interview. "The only time I've used the pass is if I go see the Reagans privately or to go play tennis" on the White House courts, he said.

The pass—the only one to be issued to a departing White House aide—symbolizes Deaver's exceptional, if tenu-

ous governments are willing to pay as much as \$300,000 a year or more for what appears to be power and access.

Deaver's client list includes CBS, TWA, the government of Canada, Philip Morris, a coalition of Caribbean sugar-producing countries and Puerto Rico. He is expected to sign up soon an arm of the government of South Korea, and he is in negotiations with the government of China, according to sources.

"I just don't think I can talk about my clients," Deaver said, saying only that he has signed up 11. "Like I don't talk about my clients, I don't talk about my fees. It's an annual retainer."

Deaver, according to reliable sources, is asking clients to commit to a minimum annual retainer of \$300,000, although he is by no means getting that much from all 11. Of four clients that could be identified through required public disclosures or other sources, only one, a group of Caribbean countries seeking to lower American sugar quotas, is paying the top dollar figure; the rest are paying from \$105,000 to \$250,000, according to public documents and background interviews.

While Deaver is reluctant to discuss most clients, he described strategies he has developed to help Puerto Rico defend a special federal tax break for corporations doing business on the island.

Deaver said he told his client he would not take on the issue unless "we never talked about it as a tax issue, only as a question of foreign policy." In return for retention of the favorable tax provision, 28 U.S. companies have agreed to build "twin plants" in other Caribbean counties, a step Deaver said would function to support the administration's Caribbean Basin Initiative, encourage capitalist development and increase employment.

NS

al Security Council to be strongly supportive. You can't go head-on with Treasury, because you'll go head-on until you're dead on the tax issue."

Just as Deaver's ties are key elements of his appeal to prospective clients, he has been the beneficiary of a growing belief in the corporate community that hostile takeover fights are not just marketplace struggles but contests subject to political influence.

"More and more companies are recognizing that Washington influence, and not just at the SEC [the Securities and Exchange Commission], can be vital," another well-connected lobbyist said. "If you can get someone at Treasury to raise questions about the economic implications, someone at Justice to mention antitrust, even in an off-hand kind of way, or a congressman to call for hearings, you can slow the process down, or speed it up, depending. So these companies are looking more and more for help from political firms down here."

Deaver is not the only political lobbyist who has been hired by takeover candidates such as TWA and CBS. The firm of Black, Manafort & Stone has attracted similar business, as has National Strategies, a Democratic outfit.

One of Deaver's clients, who asked not be identified, said: "When you're a company near the top of the Fortune 500 in the middle of a takeover battle, paying a couple of hundred thousand dollars to get someone who can call the secretary of the Treasury is just a drop in the bucket."

For the son of a Shell Oil distributor in Bakersfield, Calif., creation of Michael K. Deaver & Associates represents a gamble on shooting to the top in one of the nastiest, most competitive terrains in America.

German cemetery... graves of Nazi storm troopers... largely Deaver's responsibility.)

"He was very good at knowing the soul of Ronald Reagan," said a political operative who worked with Deaver. But, in an assessment shared by a number of persons interviewed, he added: "I don't know if that is a transferable skill."

But Lee Atwater, deputy manager of the Reagan-Bush '84 campaign, disagrees. "I think the guy has a true gift in public relations, and that certainly ought to be transferable anywhere," he said.

By his own description, Deaver's intention is to set up "a small organization that would take on a limited number of clients on an annual retainer that would not be involved in the putting out of fires, but rather involved in strategic planning" He added, "I hope people hire you for your general knowledge and ability and experience, and not just because of your access [although] right now it's probably a mixture of both."

While access to power is central to Deaver's appeal, background interviews with clients show, one company has hired him for another reason.

The international arm of Phillip Morris has contracted with Deaver to represent the firm not in Washington, but in Taiwan, South Korea and Japan, each of which has an extremely lucrative cigarette market with high protective trade barriers preventing entry by American producers.

"Deaver has the Reagan imprimatur," a source at Phillip Morris said. When he goes to see officials of an Asian country, "they know that he worked at the White House and remains a deep, personal friend of the Reagans." The White House connection, he said, is expected to add a different dimension to the corporation's Asian negotiations for a larger market share.

Unlike many lobbying firms, Deaver's is owned totally by him. He has no partners. He has purposefully decided to maintain a very low overhead. He has a staff of eight, including three professionals—Doral Cooper, formerly with the office of the U.S. trade representative, William F. Miller,

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MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND
ASSISTANT TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978
(SIGA) CONFLICT OF INTEREST. OO: FBIHQ

RE BUTEL, DATED 11/20/86.

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ASSISTANT TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT
OF 1978 (EIGA) CONFLICT OF INTEREST. OO: FBIHQ.

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Memorandum

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To : Director, FBI () Date 11/24/86

From : Legal Attache, Ottawa (211-3) (P)

Subject : MICHAEL K. DEEVER
FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT
ETHICS IN GOVERNMENT ACT OF 1978 (EIGA)
CONFLICT OF INTEREST

(OO: FBIHQ)

Reference: FBIHQtel, 11/20/86

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TO DIRECTOR IMMEDIATE

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ATTENTION: SSA [REDACTED] PUBLIC CORRUPTION UNIT

MICHAEL K. DRAVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1972 (FICG)
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FM LEGAL ATTACHE CANBERRA (211-1)⁶⁷

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TO DIRECTOR PRIORITY

ATTN: SSA [REDACTED] PUBLIC CORRUPTION UNIT, RM 340, C

BT

UNCLAS E F T O

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO
PRESIDENT, ETHICS IN GOVERNMENT ACT OF 1978; CONFLICT OF INTEREST
OO: FBIHQ.

REBUTELS NOVEMBER 23 AND 25, 1986.

PURSUANT TO BUTEL OF NOVEMBER 21, 1986, AUSTRALIAN FEDERAL P
(AFP) WERE REQUESTED TO DETERMINE SUBSCRIBER NAMES TO TELEPHONE
NUMBER SET OUT IN LEAD TO CANBERRA.

THIS WAS AN ORAL REQUEST ON NOVEMBER 21, 1986, FOLLOWED BY
WRITTEN REQUEST ON NOVEMBER 24, 1986.

NO INFO HAS BEEN RECEIVED TO DATE CONCERNING SUBSCRIBER AND
AFP IS BEING REQUESTED TO HOLD INQUIRY IN ABEYANCE DUE TO
INFORMATION IN BUTEL NOVEMBER 21, 1986.

BUREAU ADVISE CANBERRA OF ACTION TO BE TAKEN.

BT

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NY 100- (111-2) (2)

TO DIRECTOR IMMIGRATION

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ATTN: SAC PUBLIC AFFAIRS UNIT

MICHAEL K. SWARTZ, SPECIAL COUNSEL OF STATE AND ASSISTANT TO

THE PRESIDENT: ETHICS IN GOVERNMENT ACT OF 1976 (H.R.)-

CONFLICT OF INTEREST: 30: PRINC

RE: ATEL DATED NOVEMBER 25, 1956 AND ATEL ATEL
NO 10077 24, 1956.

FOR INFORMATION OF THE BUREAU, LEADS IN OTHER AGENCIES
INFORMATION FOR TELEPHONE NUMBERS IN TURKEY. THE RESULTS
TO CONTACTS IN TURKEY ON NOVEMBER 21, 1958. TELEPHONE CONTACT
WITH AMERICAN EMBASSY, ANKARA, TURKEY, UPON REQUEST OF BUREAU
REVEALED THAT TASKING HAS ALREADY PASSED TO LOCAL LEGAT FOR
CONTACTS FOR SUBSCRIBER INFORMATION. LEAD TO TURKISH NATIONAL
POLICE HAS BEENAL IN NATURE WITHOUT QUESTION OF SUBJECT'S IDENTITY,
HOWEVER, WHEREBY CITIZENSHIP AND ASSOCIATION WITH WHITE HOUSE
OF SENSITIVE NATURE OF INVESTIGATION.

LEAD FOLLOWING.

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FM LEGAT, PARIS (C11-5) (P)

TO DIRECTOR, FBI ROUTINE

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND
ASSISTANT TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF
1977 (EIGA); CONFLICT OF INTEREST. CO; 5-140

REBUTELS NOVEMBER 25, 1986 AND NOVEMBER 26, 1986. PARIS
TELETYPE, NOVEMBER 24, 1986.

FOR INFORMATION FBIHQ, [REDACTED]

[REDACTED] CT
ALREADY SET OUT IN REFERENCED PARIS TELETYPE, NOVEMBER 24,
1986, CANNOT BE OBTAINED WITHOUT CONTACTING A REPRESENTATIVE
OF A FOREIGN GOVERNMENT.

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PAGE TWO BOG 211-1 UNCLAS

3. PHONE [REDACTED] - [REDACTED] NATIONAL
IDENTIFICATION NUMBER [REDACTED] ADDRESS: [REDACTED]

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[REDACTED].
4. PHONE 532-284-7111 - THE AMERICAN EMBASSY, CARACAS,
VENEZUELA.

5. PHONES 582-781-5957 AND 582-781-6266 ARE BOTH LISTED
TO VENEVISION (A TELEVISION STATION) IN CARACAS, VENEZUELA.

ON NOVEMBER 28, 1986, DEA COUNTRY ATTACHE, BOGOTA,
COLOMBIA, FURNISHED THE FOLLOWING TELEPHONE SUBSCRIBER INFORMATION

PHONE 571-211-1300 - INVERSIONES VENTURA, LIMITADA,
CARRERA NO. 9, 74-38, OFFICE 502, BOGOTA, COLOMBIA.

BT

VZCZCBOG 009 3322202

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FM LEGAL ATTACHE BOGOTA (211-1) (RUC)

TO DIRECTOR PRIORITY

ATTENTION: CID

ATTENTION: INID, FOREIGN LIAISON UNIT, OLIA

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA)
CONFLICT OF INTEREST, OO: FBIHQ.

RE BUREAU TELETYPE TO LEGAT, BOGOTA, NOVEMBER 23, 1986.

BY CABLE NUMBER 11431, DATED NOVEMBER 26, 1986, DEA
COUNTRY ATTACHE, AMERICAN EMBASSY, CARACAS, VENEZUELA, FUR-
NISHED THE FOLLOWING TELEPHONE SUBSCRIBER INFORMATION:

1. PHONE [REDACTED] - [REDACTED],

[REDACTED].

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2. PHONE [REDACTED] - [REDACTED] NATIONAL

IDENTIFICATION NUMBER [REDACTED] ADDRESS: [REDACTED]

[REDACTED]

[REDACTED] AND [REDACTED]

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FM LONDON (211-2) (P)

TO DIRECTOR PRIORITY

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OFFICE OF THE
DIRECTOR

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UNCLAS E F T O

ATTN: USA [REDACTED] PUBLIC CORRUPTION UNIT, CIB
MICHAEL R. DEVER, FORMER DEPUTY CHIEF OF STAFF FOR PRESIDENT
TO THE PRESIDENT; LITIGATED IN GOVERNMENT ACT OF 1970 (4154)
CONFLICT OF INTEREST; CC: LITIG.

REBUFILED, NOVEMBER 20, 1986, AND NOVEMBER 25, 1986.

IN ORDER TO DETERMINE REBUFILED REBUFILED AND REBUFILED
ONCE TO UNITED KINGDOM AND DENMARK, INFORMATION AGENTS
FURNISHED BY HEADQUARTERS, IT WILL BE NECESSARY TO MEET
ESTABLISHED FOREIGN POLICE OFFICERS TO OBTAIN DATA.

REGARDING NUMBER 498-8000, THIS IS G.C. LONDON, LONDON
SWITCHBOARD.

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LONDON WILL ATTEMPT TO OBTAIN INFORMATION.

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FILED IN THE
OFFICE OF THE
DEPARTMENT OF JUSTICE

OF INTEREST. OO. FINING.

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Fuller

26 DEC 11 1986

AA



TO THE DIRECTOR, FBI (100-368610)

1992-1993

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED
DATE 06-17-2008 BY SP-6 BTJ/KSP/STP

STANDARD TYPED COPY MADE 01, 1964.

IT IS REQUESTED TO BE KEPT IN THE CLOSEST CONTACT WITH THE
INVESTIGATING OFFICE AND THAT THE FOLLOWING TELEPHONE NUMBERS
BE FURNISHED.

(6-7) 03-21-60.

COUNTY OF LOS ANGELES, CALIFORNIA, ss.
 I, J. H. COOPER, County Clerk,
 do hereby certify that the within and foregoing is a true and correct copy of the original of the same as the same appears from the records of said County.

(5) 2-71-20-3

1. RECEIVED
 2. NOV 19 1954
 3. U.S. DEPT. OF JUSTICE
 4. WASHINGTON, D.C.
 5. RECEIVED
 6. NOV 19 1954
 7. U.S. DEPT. OF JUSTICE
 8. WASHINGTON, D.C.

26 DEC 11 19

7-800-96-9696

TO THE SECRETARY OF DEFENSE, WASHINGTON, D.C.

[illegible]

REF ID: A66004. FULLER, EDWARD J. BIRTHDAY 1917, CIVILIAN. C. HANCOCK, SPECIAL SERVICE OFFICER IN CHARGE AND A MEMBER OF THE BOARD OF DIRECTORS, SERVICE IN COMBAT AT 1971 (1971) OF BIRTH OF INTEREST. DOB: 1917.

BY AIRMAIL TELETYPE: DATE: 1950 12 20, 19 50.

IN ORDER TO REFLECT THE REAL RELATIONSHIP, I HAD, PARTIAL OF
THE IDENTIFIED FOR SUBMITTING TO THE IN THE FOLLOWING MANNER
AS FOLLOWS:

(77) 23-41-50.

CHAMBERLAIN, ALBERT ELLI, JR.
CHAMBERLAIN, J. ALBERT
CHAMBERLAIN, ROBERT ALBERT

(FRO) 0-71-27-379

ASSOCIATED PRESS
 NEW YORK
 TELETYPE
 NEW YORK CITY, MAY 1961

26 DEC 11 1

DEC 4 4 1986

URGENT 9-19-67 10:10 PM

Best Copy Available

(P) 9-19-67-11:

RE: BUREAU, N.Y.

RE: BUREAU 9-17, 1967

STATE ALL CITY, CIVIL

ALL OF THE ABOVE SUBJECTS ARE IN THE AREA OF THE

IN THE, LATE, BUREAU CITY. CONTACT WITH STATE TO ALL

THE BUREAU OF THE

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LETTERS

2 Dec 66 09 50Z

FEDERAL BUREAU OF
 OF INVESTIGATION

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MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO
THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) CONFLICT
OF INTEREST, OO: FBIHQ

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NUMBER [REDACTED] IS THE RESIDENCE OF [REDACTED]

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PAGE TWO - BON 011-3 UNCLAS F F T O

WITH NO LEADS OUTSTANDING, BONN CONSIDERS THIS
INVESTIGATION RUC.

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OF INVESTIGATION

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FM TOKYO (111-5) (P)

TO DIRECTOR, FBI (111-5)

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ENCLOSURE 1 P 1 3

ATTENTION: SAC, [REDACTED] PUBLIC CORRUPTION UNIT

MICHAEL R. CRAVER, FOR DEPUTY CHIEF OF STAFF AND ASSISTANT

TO THE PRESIDENT; VIOLATION OF GOVERNMENT ACT OF 1974 (111-5)

CONFLICT OF INTEREST. CC: FINE.

RE: MEXICO NOVEMBER 27, 1985, AND NOVEMBER 28, 1985.

RE: MEXICO NOVEMBER 27, 1985, FIVE-STAR TELEPHONE NUMBER 111-5 -
CONFLICT DATA. BASED ON COPY OF 111-5 TO 111-5 AND 111-5 DATA
AND REPORT. EXCERPT OF ABOVE TELETYPE INSTRUCTIONS TO FOREIGN
GOVERNMENT CONTACT, MEXICO, TOKYO, OBTAINED CONFLICT DATA
FROM T-1 OF DECEMBER 1, 1985. T-1 REPORT MADE ON NOVEMBER 25,
1985. LEGAT DID NOT RECEIVE ABOVE TELETYPE UNTIL NOVEMBER 26,
1985.

T-1 ADVISED 111-5 117 IS BEING HANDLED BY THE 111-5 UNIT, 111-5,
111-5 YOTOUYE 1-5000, CHICAGO, ILLINOIS, 111-5, 111-5, 111-5,
AS OF MAY 13, 1985. 111-5 1-111-5 IS BEING HANDLED BY THE 111-5

26 DEC 11

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PAGE TWO TSM 311-5 CIRCULAR 13.

PROPERTY OFFICE, 31 KAWA, MARATA 2-CHOME, CHUO-KU, TOKYO.
PHONE 544-111. IS BELONGED TO SAH I NAKKO SHIO LTD., HOTEL
ONNA, 1-4 TORIYO G., 2-CHOME, MINATO-KU, TOKYO.

FOR THE INFORMATION OF THE BUREAU, CUBSC FILE INFORMATION
CANNOT BE OBTAINED FROM JAIL, KODAI, OF JAPAN WITHOUT
ASSISTANCE FROM THE APPROPRIATE LAW ENFORCEMENT AGENCIES.

ADMINISTRATIVE:

T-1 IS [REDACTED] INTERNATIONAL
CRIMINAL AFFAIRS DIVISION, CRIMINAL INVESTIGATION BUREAU,
NATIONAL POLICE AGENCY, JAPAN.

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TOKYO BRANCH OFFICE OF INVESTIGATION ISH AND TAISEI
SHIO SHIO LTD.

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P 631944Z DEC 1986

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FM LEGAL ATTACHE OTTAWA (211-3) (PDC)

TO DIRECTOR FBI PRIORITY

BT

U N C L A S

MICHAEL K. DEAVAR, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE
PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1976 (EIGA); CONFLICT OF
INTEREST. OO: FBIHQ.

REF: TEL NOVEMBER 25, 1986.

LEGAT, OTTAWA, CANNOT OBTAIN SUBSCRIBER INFORMATION WITHOUT
DISSEMINATING THE CONTENTS OF REFERENCED FBIHQ TELETYPE TO

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26 DEC 11 1986

DEC 12 1986

Memorandum



Exec AD Adm. _____
Exec AD Inv. _____
Exec AD LES _____
Asst. Dir.:
Adm. Servs. _____
Crim. Inv. _____
Ident. _____
Insp. _____
Intell. _____
Lab. _____
Legal Coun. _____
Off. Cong. &
Public Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____
Telephone Rm. _____
Director's Sec'y _____

To : Mr. Otto

Date 11/13/86

From : [REDACTED]

Subject : MICHAEL K. DEEVER,
FORMER DEPUTY CHIEF OF STAFF AND
ASSISTANT TO THE PRESIDENT;
ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
CONFLICT OF INTEREST
OO: FBIHQ

PURPOSE: To advise you of the status of Security Clearance Investigations (SCI) being conducted by the FBI of individuals employed by Independent Counsel (IC) Whitney North Seymour, Jr.

RECOMMENDATION: None. For information only.

APPROVED:

Director _____	Adm. Servs. _____	Laboratory _____
Exec. AD-Adm. _____	Crim. Inv. _____	Legal Coun. _____
Exec. AD-Inv. _____	Ident _____	Off. of Cong. & Public Affs. _____
Exec. AD-LES _____	Inspection _____	Rec. Mgnt. _____
	Intell. _____	Tech. Servs. _____
		Training _____

DETAILS: On 10/31/86, I had a discussion with Special Agent (SA) [REDACTED] an investigator for IC Seymour, regarding the status of SCIs being conducted by the Security Programs Unit (SPU), Records Management Division (RMD), for the purpose of providing sufficient information to the Security Department, Department of Justice (DOJ), for security clearances which are provided by that office. SA [REDACTED] informed me that it appeared that security clearances had been provided for only a few employees and that the status of clearances for other IC employees was unknown.

On 10/31/86, I contacted SPU Unit Chief [REDACTED] and requested that his unit provide me with a status report of all background investigations being conducted of IC

211-25

1 - Mr. Otto
1 - Mr. Steops
1 - [REDACTED]

MRF:dag (4)

(CONTINUED - OVER)

26 DEC 16 1986

DEC 17 1986

Memorandum from [redacted] to Mr. Otto
RE: MICHAEL K. DEEVER

employees. Unit Chief [redacted] advised that Supervisory Special Agent (SSA) [redacted] is assigned these investigations but that SSA [redacted] was on leave due to a death in his (SSA [redacted] family. Unit Chief [redacted] advised me that SSA [redacted] would be in on Monday, 11/3/86, and that he would provide me with the requested status report. I informed Unit Chief [redacted] of the nature of EIGA investigations, of your oversight on these matters, and of the sensitivity and priority levels on which these cases are handled. I initially made contact on 6/24/86 with Section Chief Gary L. Stoops, Operations Section (OS), RMD, Security Officer [redacted], Department of Security, DOJ, and IC Administrator [redacted], Office of Independent Counsel (OIC), in order to coordinate SCIs.

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On 11/3/86, SSA [redacted] advised me that there were sixteen (16) IC employees of which the Security Department, DOJ, requested the SPU conduct background investigations. SSA [redacted] also advised me that a status report was being compiled on the SCI of each IC employee and that this report would be provided to me as well as to you and to Executive Assistant Director John D. Glover, as soon as the report could be completed. I informed SSA [redacted] of the sensitive and important nature of EIGA investigations, of your oversight on these matters, and that this particular matter should be brought to your attention promptly. Of the sixteen (16) SCI requested, ten (10) have been closed with the final summary reports submitted to the DOJ. Six (6) are in a pending status due to having to return IC employee applications to the DOJ for additional information and/or due to having to reinterview IC applicants for additional information. The SCI report was provided you by Section Chief Stoops on 11/5/86.

SSA [redacted] further advised me of a matter of a more sensitive nature regarding the SCI of [redacted]. [redacted] was hired by IC [redacted] early into the IC investigation and appointed [redacted] by IC [redacted]. The Security Department, DOJ, requested the SPU conduct a SCI on [redacted] on 7/21/86. This investigation revealed that [redacted] is a [redacted] and a [redacted] for the [redacted]. During the investigation of this matter, contact with the United States Attorney's Office, EDNY, revealed that [redacted] was the subject of a possible

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Memorandum from [redacted] to Mr. Otto
RE: MICHAEL K. DEEVER

[redacted] a
former [redacted]
was a witness before the Martin Commission, and, according to a
source of the EDNY, committed perjury before that Commission.
The Martin Commission is headed by John Martin, former United
States Attorney (USA) of the SDNY, who was appointed by Mayor
Edward I. Koch to look into corruption matters in New York City.
The EDNY source also alleges that [redacted] who was present
[redacted]

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The allegations regarding [redacted]
[redacted] DOJ was further advised that AUSA Kevin O'Brian,
EDNY, was the attorney handling the investigation regarding
allegations against [redacted].

On 9/12/86, DOJ requested the SPU, RMD, to recontact
AUSA O'Brian and request that the FBI be allowed to interview [redacted]
[redacted] regarding this issue. The New York Office contacted
AUSA O'Brian on 9/12/86, and AUSA O'Brian advised that he did not
want the FBI to interview [redacted] regarding this matter.
AUSA O'Brian further advised that he intended to subpoena the
source of the allegations before a Federal grand jury, EDNY, and
thereafter determine what course of action might be taken. This
information was conveyed to DOJ on 9/15/86 and the final summary
report for [redacted] was submitted to DOJ on 9/16/86.

On 11/4/86, AUSA O'Brian advised the New York Office
that IC [redacted] had contacted USA Andrew Maloney, EDNY, prior to
10/21/86, to arrange for a meeting between [redacted] and AUSA
O'Brian on that date in order that [redacted] might give an
explanation of his representation of [redacted].
[redacted]. This meeting did occur on 10/21/86 between
[redacted], AUSAs O'Brian and [redacted] and Internal
Revenue Service Agent [redacted]. This meeting failed to
resolve the perjury allegations against [redacted]. AUSA
O'Brian informed the New York Office that he will keep that
office advised of any change in status of his investigation of
[redacted]. This information was provided DOJ on 11/5/86.

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On 11/5/86, I had a meeting with Section Chief Stoops,
OS Assistant Section Chief Joseph C. Moore, Jr., and SSA
[redacted], regarding this matter. Messrs. Stoop, Moore, and
[redacted] were advised of your oversight on all EIGA
investigations and of your concern that any FBI assistance to the
OIC be handled within the highest priorities.

Memorandum from [redacted] to Mr. Otto
RE: MICHAEL K. DEEVER

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On 11/5/86, I contacted [redacted] Administrator, OIC, regarding any delays in SCIs. [redacted] advised me that she had delayed in supplying some of the IC employee applications to the Security Department, DOJ, because she did not comprehend how these applications should be completed. She stated that she now understands that incomplete applications submitted to DOJ results in unnecessary delays and that she understands how the applications should be completed.

On 11/10/86, SSA [redacted], SPU, advised that Security Officer [redacted], Security Department, DOJ, contacted IC [redacted] on 11/6/86 and apprised him of the information affecting [redacted]. SSA [redacted] informed me that [redacted] further advised that IC [redacted] expressed satisfaction of the efforts of the DOJ and the FBI and that IC [redacted] was satisfied that neither the DOJ nor the FBI should make any further efforts to resolve this matter. SSA [redacted] further advised that it is anticipated that the six (6) pending SCIs would be completed by 11/12/86.

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Memorandum

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Exec AD Inv. _____
Exec AD LES _____
Asst. Dir.:
Adm. Servs. ETM
Crim. Inv. _____
Ident. _____
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Legal Coun. _____
Off. Cong. &
Public Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____
Telephone Rm. _____
Director's Sec'y _____

To : Mr. Otto

Date 11/18/86

From : Mr. Allen H. McCreight

Subject : MICHAEL K. DEEVER,
FORMER DEPUTY CHIEF OF STAFF AND
ASSISTANT TO THE PRESIDENT;
ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
CONFLICT OF INTEREST
OO: FBIHQ

PURPOSE: To advise you of the status of Security Clearance Investigations (SCI) being conducted by the FBI of individuals employed by Independent Counsel (IC) WHITNEY NORTH SEYMOUR, JR.

RECOMMENDATION: None. For information only.

DETAILS: In memorandum, dated 11/13/86, from [redacted] to MR. OTTO concerning the status of the SCI being conducted by the FBI of individuals employed by IC WHITNEY NORTH SEYMOUR, JR., it was stated that of the 16 SCI requested by the DEPARTMENT OF JUSTICE (DOJ), ten had been closed and six were in a pending status.

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As of November 17, 1986, all 16 SCI have been completed and the final summary reports submitted to DOJ. As you are aware, the case involving [redacted] will be considered closed since we have completed within our investigative responsibilities all aspects of his background without impeding the ongoing criminal investigative matter being handled by the UNITED STATES ATTORNEY'S OFFICE, EASTERN DISTRICT OF NEW YORK.

- 1 - Mr. Otto
- 1 - Mr. Glover
- 1 - Mr. McCreight
- 1 - Mr. Stoops
- 1 - Mr. Moore

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RGG:sc (8)

DS/CC

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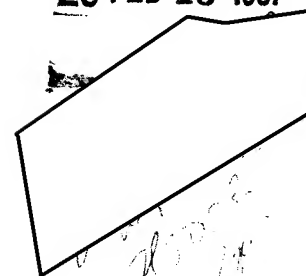
03 58

[Handwritten signature]
FIC/ML

Michael K. Deaver,
Former Special Assistant
to the President
Ethics in Government Act
Bulfile
211-²⁵

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PAGE 01
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FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 2289

UNCLAS NEW DELHI 28697

DS CHANNEL

FOR DS/CR/SI FROM RSO

E.O. 12065: N/A

TAGS: ASEC

SUBJECT: FBI REQUEST FOR ASSISTANCE/SIS 86-290

REF: 86 STATE 364783

*Michael R. Deaver
Former Special Assistant
to the President
Chairman Government Ad
Bufile 211-25*

1. ADVISED BY THE TELEPHONE DIRECTORY INFORMATION THAT
91-11 IS THE CODE NUMBER FROM USA TO NEW DELHI, INDIA.

2. THE ADDRESSES OF THE TWO NUMBERS LISTED IN THE
ABOVE REFERENCED CABLE ARE AS UNDER:

- 600681 : THE EMBASSY OF THE UNITED STATES OF
AMERICA, BRANDE PATH, NEW DELHI-110021.
- 615147 : ASSOCIATED OF INDIA ENGINEERING INDUSTRY,
JOK BAGH, NEW DELHI-110003.

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FM ROME (211-2)(P)

TO DIRECTOR PRIORITY

BT

UNCLAS

ATTN: SSA [REDACTED] PUBLIC CORRUPTION UNIT
MICHAEL K. DEEVER, FORMER DEPUTY OF STAFF AND ASSISTANT TO
THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA)-
CONFLICT OF INTEREST; OO: FBIHQ

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RE ROMTEL DATED NOVEMBER 26, 1986.

ON DECEMBER 11, 1986, REGIONAL SECURITY OFFICER (RSO),
ANKARA, ADVISED THAT [REDACTED] REPORTED THAT
TURKISH TELEPHONE NUMBER [REDACTED] BELONGS TO A TURKISH
GOVERNMENT OFFICIAL. TNP DECLINED TO PROVIDE ANY ADDITIONAL
INFORMATION AT THIS TIME. TNP FURTHER COMMENTED THAT NUMBER
[REDACTED] IS NOT A TURKISH PHONE NUMBER.

FOR INFORMATION OF BUREAU, THE FIRST TWO DIGITS [REDACTED] IS
THE COUNTRY CODE FOR TURKEY. THE NEXT SET OF EITHER TWO, THREE,
OR FOUR DIGITS WOULD REPRESENT THE AREA CODE. THERE IS NO TURKISH
AREA CODE OF [REDACTED] THEREFORE, THE NUMBER AS PROVIDED
IS IN ERROR.

BUREAU IS REQUESTED TO RECHECK ACCURACY OF NUMBER IN TURKEY AND
ADVISE LEGAT IF ADDITIONAL CHECKS ARE TO BE CONDUCTED..

26 DEC 16 1986

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DEC 17 1986

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1941, 11/17/41

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1. Chlorophyll is the green pigment found in plants and algae. It is responsible for capturing light energy and converting it into chemical energy through the process of photosynthesis.

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10-11-68

7-111

Journal of Management Studies, 19(1), 67-80.

1. The first step is to identify the problem or question that needs to be answered. This involves understanding the context and the specific requirements of the task.

21/1
To go forward
to Seymour by letter
dated 12/29/86
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A.N. 2. 1983 *AK*

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PHILIP CHAIRS LTD.

302-1746 PHILIP CHAIRS LTD.

302-1846 PHILIP CHAIRS LTD.

302-1946 PHILIP CHAIRS LTD.

302-7000 PHILIP CHAIRS LTD.

371-1111 PHILIP CHAIRS LTD.

312-7-11 PHILIP CHAIRS LTD.

PHILIP CHAIRS LTD. 1000 CENTRAL AVENUE, NEW YORK, N.Y.

PHILIP CHAIRS LTD. 1000 CENTRAL AVENUE, NEW YORK, N.Y.

PHILIP CHAIRS LTD. 1000 CENTRAL AVENUE, NEW YORK, N.Y.

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PHILIP CHAIRS LTD.

PHILIP CHAIRS LTD. 1000 CENTRAL AVENUE, NEW YORK, N.Y.

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FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☐ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 12-30-86

TO: DIRECTOR, FBI
 FROM: SAC, MIAMI (211-4) (RUC)

MICHAEL K. DEAVER,
 FORMER DEPUTY CHIEF OF STAFF
 AND ASSISTANT TO THE
 PRESIDENT;
 ETHICS IN GOVERNMENT
 ACT OF 1978 (EIGA),
 CONFLICT OF INTEREST
 (OO: FBIHQ)

b7D

Re Director teletype, dated November 25, 1986.



② - Bureau
 1 - Miami
 GMF:de
 (3)

1*

Approved: _____ Transmitted _____ Per _____
 (Number) (Time)

JAN 21 1986

FORMS.TEXT HAS 1 DOCUMENT

INBOX.4 (#6140)

TEXT:

SJD00002 3642232Z

DD HQ

DE SJ

302232Z DEC 86

FM SAN JUAN (SBA-170) (P)

TO DIRECTOR, FBI (IMMEDIATE)

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE
PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA); CONFLICT OF
INTEREST; DD:BUREAU

REFERENCE BUREAU TELETYPE TO SAN JUAN, 11/25/86.

BY CABLE DATED 12/9/86, AMERICAN EMBASSY-ANTIGUA ADVISED ANTIGUA
TELEPHONE NUMBERS 463-2081 AND 463-2082 ARE FOR THE MILL REEF CLUB, AN
EXCLUSIVE RESORT-TYPE HOTEL AND COMMUNITY OF ABOUT 40 HOMES BELONGING
TO THE "RICH AND FAMOUS." ALL CALLS AND MESSAGES ARE RECEIVED AT THE
CLUBHOUSE AS NONE OF THE HOMES HAVE TELEPHONES. ANY NUMBER OF
AMERICAN AND FOREIGN POLITICIANS, STATESMEN (INCLUDING U.S.
AMBASSADORS) AND MOVIE STARS CAN BE FOUND AT THE MILL REEF IN SEASON,
WHICH IS OCTOBER OR NOVEMBER THROUGH APRIL.

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JAN 21 1988

INFORMATION AVAILABLE THROUGH THE AMERICAN EMBASSY, PORT-AU-SPAIN, TRINIDAD, INDICATES TELEPHONE NUMBER [REDACTED] IS [REDACTED] [REDACTED] PHONE NUMBER. TELEPHONE NUMBER 622-6371 IS THE UNITED STATES EMBASSY TELEPHONE NUMBER IN PORT-AU-SPAIN, AND TELEPHONE NUMBER [REDACTED] IS THE HOME TELEPHONE NUMBER OF [REDACTED] [REDACTED] EFFORTS ARE STILL BEING MADE BY THE EMBASSY TO OBTAIN SUBSCRIBERS TO TRINIDADIAN TELEPHONE NUMBERS 629-2500 AND 637-4261.

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AMERICAN EMBASSY HAS ADVISED THE TELEPHONE TRAFFIC BETWEEN THE TELEPHONE NUMBERS IN TRINIDAD AND THE SUBJECT MAY BE RELATED TO EFFORTS BY DEAYER TO HIRE THE U.S. AMBASSADOR'S DOMESTIC EMPLOYEE. [REDACTED]

[REDACTED] APPARENTLY, DEAYER WAS INTERESTED IN BRINGING THIS INDIVIDUAL TO THE STATES FOR EMPLOYMENT IN HIS RESIDENCE.

LEADS:

SAN JUAN DIVISION

AT BARBADOS, WEST INDIES AND TRINIDAD, WEST INDIES:

CONTINUE EFFORTS TO OBTAIN SUBSCRIBER INFORMATION.

BT

NEW MAIL JUST ARRIVED: INBOX 155:160
FORMS.TEXT HAS 1 DOCUMENT

INBOX.140 (#7458)

TEXT:

SJ00003 0050048Z

OO HQ

DE SJ

O 050048 JAN 87

FM SAN JUAN (58A-170) (P)

TO DIRECTOR, FBI (IMMEDIATE)

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE
PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA); CONFLICT OF
INTEREST; QD:BUREAU

REFERENCE BUREAU TELETYPE TO SAN JUAN, 11/25/86.

INSTANT DATE, REGIONAL SECURITY OFFICER (RSO), AMERICAN EMBASSY,
BRIDGETOWN, BARBADOS, PROVIDED FOLLOWING RESULTS OF TELEPHONE
SUBSCRIBER CHECKS: 422-4111 (GLITTER BAY HOTEL, ST. JAMES, BARBADOS);

[REDACTED] AMERICAN EMBASSY ADMIN OFFICER); 428-9033

(SANDY BEACH HOTEL, CHRISTCHURCH, BARBADOS); 432-1311 (SANDY LANE
HOTEL, ST. JAMES, BARBADOS); 423-7350 (MARRIOTT HOTEL, ST. PHILLIP,
BARBADOS); 426-0200 (HILTON HOTEL, CHRISTCHURCH, BARBADOS); 426-3574
(OLD AMERICAN EMBASSY SWITCHBOARD); 432-1889 (INVALID NUMBER); 436-
4950 (CURRENT AMERICAN EMBASSY SWITCHBOARD).

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PAGE 2 SAN JUAN (58A-170) UNCLAS

THE RSO FURTHER ADVISED THAT MICHAEL DEAYER HAD TELEPHONICALLY CONTACTED FORMER AMBASSADOR ANDERSON IN BARBADOS REQUESTING HELP IN FINDING A QUALIFIED MAID. THE AMBASSADOR REFERRED MR. DEAYER TO [REDACTED] [REDACTED], WHO WAS ABLE TO RECOMMEND A FRIEND OF HIS PERSONAL MAID. THE INDIVIDUAL RECOMMENDED TO MR. DEAYER WAS IDENTIFIED BY [REDACTED] [REDACTED] AS [REDACTED] A GUYANESE NATIONAL LIVING IN TRINIDAD AT THAT TIME. THE RSO BELIEVES [REDACTED] WAS SUBSEQUENTLY HIRED BY MR. DEAYER AND MAY STILL BE WORKING FOR HIM. THE RSO FURTHER THEORIZED THAT MR. DEAYER'S NUMEROUS HOTEL CALLS COULD ALSO HAVE BEEN RELATED TO THE SEARCH FOR A MAID.

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LEADS:

SAN JUAN DIVISION

AT SAN JUAN, PUERTO RICO:

CONTINUE EFFORTS TO OBTAIN SUBSCRIBER INFORMATION FROM PUERTO RICAN AUTHORITIES.

BT

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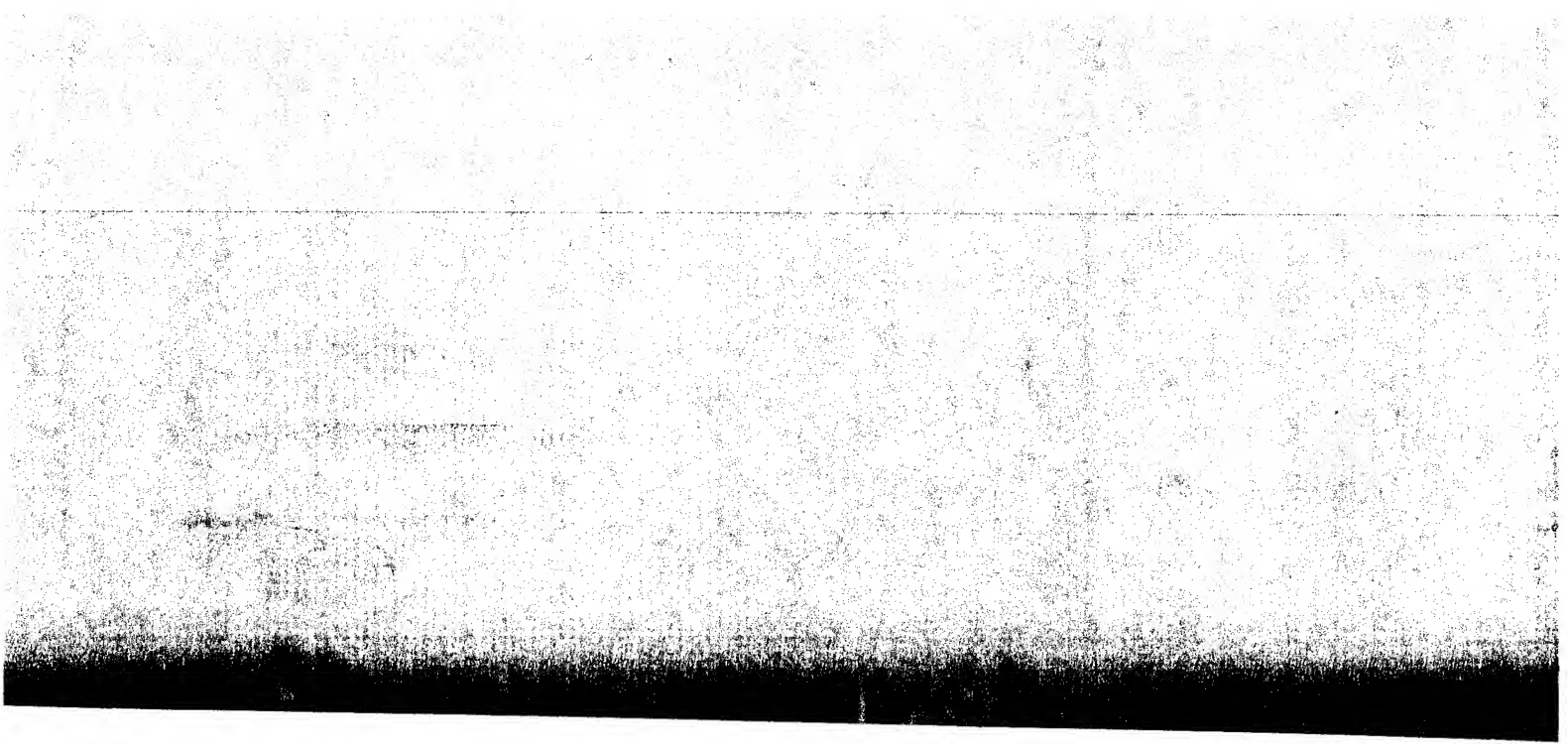
(11-1)

AR

AR

211-1

AR



11-1

FORMS.TEXT HAS 1 DOCUMENT

INBOX.74 (#10369)

TEXT:

SJD0004 0142358Z

OO HQ

DE SJ

O 0142358Z JAN 87

FM SAN JUAN (58A-170) (RUC)

TO DIRECTOR, FBI IMMEDIATE

ATTN: SSA [REDACTED] PUBLIC CORRUPTION UNIT, CID

BT

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UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE
PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA); CONFLICT OF
INTEREST; OO: BUREAU

RE BUREAU TELETYPE TO SAN JUAN, 11-25-86.

THE FOLLOWING SUBSCRIBER INFORMATION WAS PROVIDED ON INSTANT DATE
BY IA [REDACTED] SAN JUAN:

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721-0303 (CARIBE HILTON HOTEL, SAN JUAN, PUERTO RICO)

721-0731, 721-5155, 721-5748, 721-0184, 721-7000, 765-1303 (ALL
PAID FOR BY THE COMMONWEALTH OF PUERTO RICO GOVERNMENT).

758-8200, 783-0349, 783-3370, 781-0909, 781-2475 (ALL PAID FOR BY
CAGUAS FEDERAL SAVINGS, SAN JUAN, P.R.)

721-1240 (PAID BY AMERICAN AIRLINES, TULSA, OKLAHOMA)

753-1575 (FIRST ENTERPRISES, HATO REY, P.R.)

758-9899 (JOSE RIVERA JAMES & ASSOC., HATO REY, P.R.)

796-1600 (DORADO BEACH HOTEL, DORADO, P.R.)

FOR INFORMATION OF THE BUREAU, IA ADVISES THAT ADDITIONAL CHECKS TO FURTHER IDENTIFY THE P.R. COMMONWEALTH GOVERNMENT NUMBERS CAN BE CONDUCTED, BUT MAY RAISE COUNTER INQUIRIES BY TELEPHONE/GOVERNMENT PERSONNEL.

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SAN JUAN INDICES NEGATIVE RE SPECIFICALLY IDENTIFIED NUMBERS.

BT

UNCLASSIFIED

2/25/87

JUDGE: *original note when I advised you of expected indictment.*

RE: MICHAEL K. DEEVER,
FORMER DEPUTY CHIEF OF STAFF
AND ASSISTANT TO THE PRESIDENT;
ETHICS IN GOVERNMENT ACT OF 1978 (EIGA);
CONFLICT OF INTEREST;
OO: FBIHQ

SYNOPSIS: On 2/24/87, the Office of Independent Counsel (IC) Whitney North Seymour, Jr. advised the Public Corruption Unit (PCU), White-Collar Crimes Section (WCCS), that it is anticipated that Michael K. Deaver, Former Deputy Chief of Staff and Assistant to the President, will be indicted on 2/25/87 by a Federal grand jury (FGJ), District of Columbia, Washington, D.C., on charges of Perjury.

DETAILS: On 5/29/86, the U. S. Court of Appeals for the District of Columbia, pursuant to the provisions of the EIGA, appointed Whitney North Seymour, Jr. to act as IC in the matter involving allegations against Michael K. Deaver, Former Deputy Chief of Staff and Assistant to the President.

On 6/4/86, you approved the assignment of four WFO Special Agents to assist in the investigation being conducted by IC Seymour. The initial allegations made public in various newspaper articles alleged that Deaver may have been in violation of the EIGA during his involvement as a lobbyist on, among others, the issues of an agreement between the United States (U.S.) and Canada on acid rain, of trade matters between the U. S. and Korea, of tax benefits for Puerto Rico, of U. S. interest to purchase the B-1 Bomber from Rockwell International, and of Mr. Deaver's lobbying on behalf of CBS Network and Trans World Airlines (TWA).

CURRENT DEVELOPMENTS: On 2/24/87, SA [redacted] one of the four WFO Agents assigned to this matter, advised Supervisory Special Agent [redacted] PCU, WCCS, that IC Seymour had given approval to advise you of an anticipated indictment of Deaver on the afternoon of 2/25/87. SA [redacted] stated that the FGJ, District of Columbia, is expected to return a five count indictment against Deaver charging him with Perjury. The five

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1 - Mr. Otto

1 - [redacted]

MRF:mas (3)

UNCLASSIFIED

UNCLASSIFIED

counts of Perjury are directly related to Deaver's testimony before the FGJ, District of Columbia, and before the Congressional Subcommittee headed by Representative John D. Dingell. The indictment will charge that Deaver committed Perjury before the FGJ and the Dingell Committee regarding his testimony of his involvement in the issues of acid rain, Korean Trade, Puerto Rico tax benefits and TWA.

SA [] further advised that IC Seymour has advised Judge George Mackinnon, Senior Circuit Judge, U. S. Court of Appeals, District of Columbia, of the anticipated indictment and that this indictment will likely be returned by the FGJ between 1:30 p.m. and 5:00 p.m. on 2/25/87. SA [] also stated that IC Seymour will not hold a press conference following the indictment.

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John E. Otto

John E. Otto

Judge,

On 2/24/87, following my conversation with you I instructed SSA [] FBING, to notify Mr. Seymour's Office that the "LA Times" had contacted you the same day advising they were attempting to verify some official action was going to occur this week in connection with this case and that you responded by saying you had no such information. This contact from the "LA Times" occurred just to my call to you. Under advised SA [] (who's assigned to IC Seymour) in the absence of Seymour and Tolot [] to notify the IC.

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John E. Otto

UNCLASSIFIED

UNCLASSIFIED

2/26/87

JUDGE:

*Per our telephone conversation upon your
yesterday afternoon.*

RE: MICHAEL K. DEEVER,
FORMER DEPUTY CHIEF OF STAFF
AND ASSISTANT TO THE PRESIDENT;
ETHICS IN GOVERNMENT ACT OF 1978 (EIGA);
CONFLICT OF INTEREST;
OO: FBIHQ

Exec AD Adm.	
Exec AD Inv.	
Exec AD LES	
Asst. Dir.:	
Adm. Servs.	
Crim. Inv.	
Ident.	
Insp.	
Intell.	
Lab.	
Legal Coun.	
Off. Cong. & Public Affs.	
Rec. Mgnt.	
Tech. Servs.	
Training	
Telephone Rm.	
Director's Sec'y	

SYNOPSIS: On 2/25/87, U. S. District Judge Thomas P. Jacks, U. S. District Court (USDC), District of Columbia, issued Temporary Restraining Order (TRO) blocking a Federal grand jury (FGJ) indictment of Michael K. Deaver on charges of Perjury.

DETAILS: This matter has been presented to a FGJ, District of Columbia, by Independent Counsel (IC) Whitney North Seymour, Jr. for an indictment of Deaver on Perjury charges relating to Deaver's testimony before the FGJ and before a Congressional Committee headed by Representative John D. Dingell. Deaver's testimony was related to his involvement as a lobbyist in the issues of acid rain, tax benefits for Puerto Rico, Trans World Airlines, and trade matters with Korea.

CURRENT DEVELOPMENTS: On 2/25/87 Herbert J. Miller, Jr., Defense Attorney for Deaver filed a motion before U. S. District Judge Jackson, USDC, Washington, D.C., requesting Judge Jackson to issue a TRO barring the FGJ from returning an indictment against Deaver. The motion challenged the rights of the IC under the U. S. Constitution to present information to a FGJ for indictments.

At 2:30 p.m., 2/25/87, Judge Jackson heard the motion in open court and ordered that arguments on the motion would be heard by him at 2:00 p.m. on 3/11/87. Judge Jackson then issued a TRO barring the FGJ from returning the indictment against Deaver.

I will keep you advised of pertinent developments in this matter.

John E. Otto
John E. Otto

1 - Mr. Otto

1 -

MRF:mas (3)

b6
b7C

UNCLASSIFIED

FEDERAL GOVERNMENT

December 11, 1986

DM Whitney North Seymour, Jr., Esq.
Independent Counsel
U. S. Court House
Suite 6400
One Marshall Place
Washington, D.C. 20001

Michael K. Deaver
Former Deputy Ch.
of Staff and Advisor
to the President
Elected in November
of 1973
COT FBI HQ

Dear Mr. Seymour:

Reference is made to your letter dated November 12, 1986, in which you requested FBI assistance to determine subscriber information for 149 telephone numbers taken from telephone toll records belonging to Michael K. Deaver.

Attached hereto and enclosed for your information are nine pages reflecting subscriber information obtained. Some subscriber information could not be obtained without contacting a representative of a foreign government. The attached pages also reflect information that could not be obtained and pending investigation regarding efforts to obtain other requested subscribers. Representatives of foreign governments were not contacted pursuant to conversations between Special Agent [redacted] in your office and Supervisory Special Agents [redacted] and [redacted] on November 21 and 24, 1986. b6 b7C

Contact has been maintained with your office on this particular matter through conversations between SA McColl and SSA Fuller in order to update the status of this matter and to provide SA McColl information developed to date.

As noted above, investigation is pending for subscriber information for 52 telephone numbers as indicated on pages 4, 6, 8, 9 and 12 of enclosures. Investigation to determine subscriber of these numbers is continuing in Singapore, Canberra, Australia, London and in the Caribbean Islands. You will be provided the results of these efforts upon receipt at FBI

Exec AD Adm. _____
Exec AD Inv. _____
Exec AD LES _____
Asst. Dir.:

Adm. Serv. _____
Crim. Inv. _____
Ident. _____
Insp. _____
Intell. _____
Lab. _____
Legal Coun. _____
Off. Cong. & Public Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____
Telephone Rm. _____
Director's Sec'y _____

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b7C


MAIL ROOM ☐

1987

Whitney North Seymour, Jr., Esq.
Independent Counsel

Please advise if I can be of further assistance to you
on this or any other matter.

Sincerely,


John E. Otto
Executive Assistant Director
Law Enforcement Services

Enclosure

NOTE: By letter dated 11/12/86, Independent Counsel (IC) Whitney North Seymour, Jr., requested the FBI to determine [redacted]

[redacted] belonging to Michael K. Deaver. On 11/13/86, SA [redacted] who is a WFO Agent assigned to the IC investigation of Deaver, requested SSA [redacted] Public Corruption Unit, FBIHQ, to hold off setting out leads on [redacted]

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On 11/19/86, SA [redacted] hand-delivered [redacted] to SSA [redacted] for [redacted] and on the same date, an immediate teletype was sent out setting out leads for [redacted].

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To date, efforts regarding [redacted] have been resolved. Investigation is continuing by Legats, Hong Kong and Canberra by the Liaison Unit, FBIHQ at the Department of State, and by the San Juan Office, to [redacted]

[redacted] Contact has been maintained by SSA [redacted] with these efforts in order to expedite the investigation.

FORMS.TEXT HAS 1 DOCUMENT

INBOX.125 (#8758)

TEXT:

SJ00005 0080212Z

OO HQ

DE SJ

O 080212Z JAN 87

FM SAN JUAN (58A-170) (P)

TO DIRECTOR, FBI (IMMEDIATE)

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE
PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA); CONFLICT OF
INTEREST; OO:BUREAU

REFERENCE BUREAU TELETYPE TO SAN JUAN DATED 11/20/86.

INSTANT DATE, [REDACTED]

[REDACTED] PROVIDED THE FOLLOWING RESULT OF [REDACTED]

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JOHN F. KENNEDY

637-4261

NON-EXISTENT NUMBER

LEAD:

SAN JUAN DIVISION

AT SAN JUAN, PUERTO RICO:

CONTINUE EFFORTS TO OBTAIN SUBSCRIBER INFORMATION FROM PUERTO RICO
AUTHORITIES.

BT

HVZXSU

VZCZCTOK821 0200235

O 200235Z JAN 87

FM TOKYO (211-5) (P)

TO DIRECTOR (211-25) **IMMEDIATE**

BT

UNCLAS

ATTENTION PUBLIC CORRUPTION UNIT, DIVISION VI
MICHAEL K. DEEVER, FORMER CHIEF OF STAFF AND ASSISTANT TO THE
PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA); CONFLICT OF
INTEREST; OO: BUREAU.

REBUTEL, DATED JANUARY 16, 1987.

NO RESERVATIONS LOCATED FOR MESSRS. [REDACTED] OR [REDACTED]
HOWEVER, RESERVATIONS MADE THIS DATE AT ANA HOTEL (TELEPHONE
NUMBER 505-1111) PERSONALLY BY LEGAT FOR [REDACTED]
(JANUARY 23, 1987, AND JANUARY 26-29, 1987) AND [REDACTED]
(JANUARY 26-29, 1987). RESERVATIONS RECEIVED AT ANA HOTEL BY
[REDACTED] RESERVATIONS CLERK.

LEGAT APPRECIATES FBIHQ NOTIFYING LEGAT ON PROPOSED
INTERVIEW. HAD FBIHQ NOT DONE SO, AND OUR AMBASSADOR CHOSE TO
DISCUSS THE MATTER WITH LEGAT, LEGAT WOULD HAVE BEEN PERSONALLY
AND PROFESSIONALLY EMBARRASSED. FBIHQ SUTEL IF BUAGENTS INTEND

*Hand Murphy, based on [REDACTED]
1/20/87 [REDACTED]*

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PAGE TWO TOK 211-5 UNCLAS

ON TRAVELING TO ANY OTHER COUNTRY, I.E., KOREA OR TAIWAN,
WITHIN THE TERRITORIAL JURISDICTION OF LEGAT, TOKYO. PLEASE
SUTEL!

BT

VZCZCCAN716 2340559

RECEIVED
TO
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RECEIVED
OFFICE OF THE
DIRECTOR

333542 FEB 87

FM LEGAL ATTACHE CANBERRA (211-1)

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TO DIRECTOR ROUTINE

ATTN: PUBLIC CORRUPTION UNIT, ROOM 3840, CID

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE
PRESIDENT, LIGA; CONFLICT OF INTEREST, OO: FBIHQ. 6-174

REBUTEL, NOVEMBER 25, 1986; CAMEL, NOVEMBER 26, 1986.

PLEASE ADVISE IF FURTHER ACTION WOULD BE TAKEN WITH REGARD TO
TELEPHONE NUMBER IN AUSTRALIA.

BT

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6-11-11

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JANUARY 16, 1987

UNCLAS

PRIORITY

FM DIRECTOR FBI (211-25) (P)

TO LEGAL ATTACHE TOKYO PRIORITY

BT

UNCLAS

MICHAEL K. DEEVER, FORMER CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA); CONFLICT OF INTEREST; OO: BUREAU (BU).

REBUTEL TO ALL OFFICES AND ALL LEGATS DATED JUNE 5, 1986.

RETEL ADVISED OF ALLEGATIONS MADE IN THIS MATTER AND OF THE APPOINTMENT OF WHITNEY NORTH SEYMOUR, JR., AS INDEPENDENT COUNSEL TO INVESTIGATE THOSE ALLEGATIONS.

ON JANUARY 13, 1987, THE OFFICE OF INDEPENDENT COUNSEL TELEPHONICALLY REQUESTED THE PUBLIC CORRUPTION UNIT, FBIHQ, TO NOTIFY LEGAT TOKYO OF TRAVEL BY SPECIAL AGENTS (SA) [REDACTED]

[REDACTED] AND [REDACTED] TO TOKYO, JAPAN, TO CONDUCT

AN INTERVIEW OF [REDACTED]

[REDACTED] ON JANUARY 28, 1987.

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1 - MR. OTTO

1 - [REDACTED]

MRF:MAS (3)

1/16/87 3849/6 [REDACTED]

SEE NOTE PAGE 4

FEDERAL BUREAU OF INVESTIGATION
COMMUNICATIONS CENTER

JAN 20 1987

40 MAY 11 1987

SA [] AND SA [] HAVE RESERVATIONS AT THE ANA HOTEL, TOKYO, LOCAL TOKYO TELEPHONE NUMBER 505-1111, LOCATED NEAR THE U. S. EMBASSY. SA [] AND SA [] HAVE AN APPOINTMENT WITH AMBASSADOR MANSFIELD AT 8:00 AM, ON JANUARY 28, 1987, WHICH WAS MADE THROUGH [] [] SA [] WILL DEPART WASHINGTON-DULLES AIRPORT AT 9:00 AM, JANUARY 22, 1987 VIA UNITED AIRLINES FLIGHT NO. 53 AND ARRIVE AT NORITA INTERNATIONAL AIRPORT, TOKYO, JAPAN, AT 4:30 PM, JANUARY 23, 1987. SA [] HAS RESERVATIONS AT THE ANA HOTEL FOR THE NIGHT OF JANUARY 23, 1987 AND WILL BE STAYING WITH FRIENDS IN THE TOKYO AREA ON JANUARY 24-25, 1987.

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SA [] WILL DEPART WASHINGTON-DULLES AIRPORT AT 9:00 AM, JANUARY 25, 1987 VIA UNITED AIRLINES FLIGHT NO. 53 AND WILL ARRIVE NORITA INTERNATIONAL AIRPORT AT 4:30 PM JANUARY 26, 1987. BOTH SA [] AND SA [] HAVE RESERVATIONS AT THE ANA HOTEL FOR THE NIGHTS OF JANUARY 26-28, 1987 AND TENTATIVELY PLAN TO DEPART TOKYO ON JANUARY 29, 1987. SA [] AND SA [] HAVE BEEN ADVISED TO CONTACT LEGAT, TOKYO, UPON THEIR ARRIVAL IN TOKYO.

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LEGAT, TOKYO IS REQUESTED TO CONFIRM HOTEL RESERVATIONS
FOR SA [REDACTED] ON JANUARY 23, 1987 AND FOR SA [REDACTED] AND
SA [REDACTED] FOR JANUARY 26-28, 1987.

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BT

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NOTE: BY TEL DATED JANUARY 16, 1987, LEGAT, TOKYO WAS ADVISED OF TRAVEL OF SA [REDACTED] AND SA [REDACTED] TO TOKYO, JAPAN, DURING THE PERIOD JANUARY 23-28, 1987.

THIS TRAVEL WAS REQUESTED BY INDEPENDENT COUNSEL WHITNEY NORTH SEYMOUR, JR., REGARDING HIS INVESTIGATION OF MICHAEL K. DEEVER, FORMER CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978; CONFLICT OF INTEREST; OO: BUREAU.

SA [REDACTED] AND SA [REDACTED] WERE PROVIDED THE NAMES OF LEGAT [REDACTED] AND ASSISTANT LEGAT [REDACTED] AT TOKYO TELEPHONE NUMBER [REDACTED] AND WERE TOLD TO CONTACT THE LEGAT'S OFFICE UPON ARRIVING IN TOKYO.

LEGAT, TOKYO WAS ALSO PROVIDED TRAVEL INTINERARY AND HOTEL RESERVATIONS OF SA [REDACTED] AND SA [REDACTED].

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1 9

NOVEMBER 19, 1986

UNCLAS

IMMEDIATE

FM DIRECTOR FBI

TO LEGAL ATTACHE BERN IMMEDIATE

PERSONAL ATTENTION

LEGAL ATTACHE BONN IMMEDIATE

PERSONAL ATTENTION

LEGAL ATTACHE BOGOTA IMMEDIATE

PERSONAL ATTENTION

LEGAL ATTACHE CANBERRA IMMEDIATE

PERSONAL ATTENTION

LEGAL ATTACHE HONG KONG IMMEDIATE

PERSONAL ATTENTION

LEGAL ATTACHE LONDON IMMEDIATE

PERSONAL ATTENTION

LEGAL ATTACHE MEXICO CITY IMMEDIATE

PERSONAL ATTENTION

LEGAL ATTACHE OTTAWA IMMEDIATE

PERSONAL ATTENTION

1 - MR. OTTO
1 -
1 - LIAISON UNIT

ut
MRF:DAG {4}

11/19/86

3849/6

b6
b7C

1613-210

47 MAY 21 1987

2

LEGAL ATTACHE PANAMA CITY IMMEDIATE
PERSONAL ATTENTION

LEGAL ATTACHE PARIS IMMEDIATE
PERSONAL ATTENTION

LEGAL ATTACHE ROME IMMEDIATE
PERSONAL ATTENTION

LEGAL ATTACHE TOKYO IMMEDIATE
PERSONAL ATTENTION

TO FBI MIAMI IMMEDIATE
PERSONAL ATTENTION

TO FBI SAN JUAN IMMEDIATE
PERSONAL ATTENTION

BT

UNCLAS (

MPF
MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND
ASSISTANT TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978
{EIGA} CONFLICT OF INTEREST. 00: FBIHQ.

REBUTEL DATED JUNE 13, 1986, TO ALL FBI FIELD OFFICES AND
ALL LEGAL ATTACHE OFFICES.

FOR THE INFORMATION OF RECEIVING LEGATS AND SACS,

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT, RESIGNED FROM HIS WHITE HOUSE POSITION ON MAY 15, 1985, AND THEREAFTER ESTABLISHED A LOBBYING BUSINESS IN WASHINGTON, D.C.

BY LETTER DATED APRIL 30, 1986, THE DEPARTMENT OF JUSTICE REQUESTED THE FBI TO CONDUCT A PRELIMINARY INQUIRY INTO ALLEGATIONS THAT MR. DEEVER MAY HAVE VIOLATED LAWS OF EIGA.

ON MAY 29, 1986, THE U. S. COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA, PURSUANT TO THE PROVISIONS OF THE EIGA, APPOINTED WHITNEY NORTH SEYMOUR, JR., A FORMER U. S. ATTORNEY FOR THE SOUTHERN DISTRICT OF NEW YORK, AS INDEPENDENT COUNSEL TO INVESTIGATE THIS MATTER.

✓ A FEDERAL GRAND JURY, DISTRICT OF COLUMBIA, WASHINGTON, D.C., IS HEARING EVIDENCE IN THIS MATTER AND HAS SUBPOENAED TELEPHONE TOLL RECORDS FOR DEEVER'S HOME AND BUSINESS TELEPHONES. LEADS FOR RECEIVING OFFICES TO DETERMINE SUBSCRIBER INFORMATION FOR THESE TOLL RECORDS IS BEING SET OUT BELOW. SUBSCRIBER INFORMATION FOR TELEPHONE NUMBERS LOCATED IN COUNTRIES NOT COVERED BY ANY LEGAL ATTACHE OFFICE ARE BEING SUBMITTED TO THE UNITED STATES DEPARTMENT OF STATE

THROUGH FBIHQ LIASION UNIT.

INDEPENDENT COUNSEL SEYMOUR HAS REQUESTED THAT SUBSCRIBERS OF TELEPHONE NUMBERS BELOW BE IDENTIFIED BY DISCREET INVESTIGATION AND THAT THE SUBSCRIBER NOT, REPEAT NOT, BE INTERVIEWED AT THIS TIME. RECEIVING OFFICES ARE ALSO REQUESTED TO CONDUCT INDICES CHECK ON SUBSCRIBERS AND THEREAFTER SUBMIT RESULTS BY TELETYPE TO FBIHQ TO THE ATTENTION OF SSA [REDACTED] [REDACTED] PUBLIC CORRUPTION UNIT. DUE TO THE SENSITIVE NATURE OF EIGA INVESTIGATIONS, AND TO EFFORTS BY INDEPENDENT COUNSEL SEYMOUR TO COMPLETE THE INVESTIGATIONS OF THIS MATTER DURING DECEMBER, 1986, RECEIVING OFFICES ARE REQUESTED TO RESPOND WITH RESULTS IN AN EXPEDITIOUS MANNER.

COUNTRIES AND TELEPHONE NUMBERS NOT COVERED BY ANY LEGAT OFFICES ARE AS FOLLOWS: [REDACTED]

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AND [REDACTED]

AND

[REDACTED] AND [REDACTED]

THE FOLLOWING FIELD OFFICES ARE REQUESTED TO CONDUCT INVESTIGATION REFERRED TO ABOVE FOR THE FOLLOWING TELEPHONE NUMBERS: [REDACTED]

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THE FOLLOWING LEGAT OFFICES ARE REQUESTED TO CONDUCT
INVESTIGATION REFERRED TO ABOVE FOR THE FOLLOWING TELEPHONE
NUMBERS:

LEGAT BERN, AT SWITZERLAND:

LEGAT BONN, AT WEST GERMANY:

6

[REDACTED]

LEGAT BOGOTA, AT BOGOTA, COLUMBIA:

[REDACTED]

[REDACTED]

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b7C
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LEGAT CANBERRA:

[REDACTED]

LEGAT HONG KONG, AT HONG KONG, CHINA:

[REDACTED]

[REDACTED]

LEGAT LONDON, AT UNITED KINGDOM:

[REDACTED]

[REDACTED]

[REDACTED]

LEGAT MEXICO CITY, AT MEXICO CITY, MEXICO:

[REDACTED]

LEGAT OTTAWA, AT

[REDACTED]

AT

BT

[REDACTED]

4/15

7 9

FM DIRECTOR FBI
TO LEGAL ATTACHE BERN IMMEDIATE
PERSONAL ATTENTION
LEGAL ATTACHE BONN IMMEDIATE
PERSONAL ATTENTION
LEGAL ATTACHE BOGOTA IMMEDIATE
PERSONAL ATTENTION
LEGAL ATTACHE CANBERRA IMMEDIATE
PERSONAL ATTENTION
LEGAL ATTACHE HONG KONG IMMEDIATE
PERSONAL ATTENTION
LEGAL ATTACHE LONDON IMMEDIATE
PERSONAL ATTENTION
LEGAL ATTACHE MEXICO CITY IMMEDIATE
PERSONAL ATTENTION
LEGAL ATTACHE OTTAWA IMMEDIATE
PERSONAL ATTENTION

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LEGAL ATTACHE PANAMA CITY IMMEDIATE

PERSONAL ATTENTION

LEGAL ATTACHE PARIS IMMEDIATE

PERSONAL ATTENTION

LEGAL ATTACHE ROME IMMEDIATE

PERSONAL ATTENTION

LEGAL ATTACHE TOKYO IMMEDIATE

PERSONAL ATTENTION

TO FBI MIAMI IMMEDIATE

PERSONAL ATTENTION

TO FBI SAN JUAN IMMEDIATE

PERSONAL ATTENTION

BT

UNCLAS SECTION 2 OF 2

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND
ASSISTANT TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978

{EIGA} CONFLICT OF INTEREST. 00: FBIHQ.

[REDACTED] AT OTTAWA, CANADA: [REDACTED]

[REDACTED]
[REDACTED] AT TRONTO, CANADA: [REDACTED]

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[REDACTED]

LEGAT PANAMA CITY, AT GUATEMALA: [REDACTED]

[REDACTED]

LEGAT PARIS, AT MORACCO: [REDACTED]

AT MONOCO: [REDACTED]

[REDACTED] AT LUXEMBOURG: [REDACTED]

AT SPAIN: [REDACTED]

[REDACTED] AT FRANCE: [REDACTED]

[REDACTED]

LEGAT ROME, AT TURKEY: [REDACTED]

ITALY [REDACTED]

LEGAT TOKYO, [REDACTED]

[REDACTED]

BT

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FEBRUARY 5, 1987

UNCLAS

PRIORITY

FM DIRECTOR FBI
TO LEGAL ATTACHE BERN {PRIORITY}
TO LEGAL ATTACHE BONN {PRIORITY}
TO LEGAL ATTACHE BOGOTA {PRIORITY}
TO LEGAL ATTACHE CANBERRA {PRIORITY}
TO LEGAL ATTACHE HONG KONG {PRIORITY}
TO LEGAL ATTACHE LONDON {PRIORITY}
TO LEGAL ATTACHE MEXICO CITY {PRIORITY}
TO LEGAL ATTACHE OTTAWA {PRIORITY}
TO LEGAL ATTACHE PANAMA CITY {PRIORITY}
TO LEGAL ATTACHE PARIS {PRIORITY}
TO LEGAL ATTACHE ROME {PRIORITY}
TO LEGAL ATTACHE TOKYO {PRIORITY}

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 {EIGA};

SEO/MRF
1 - MR. OTTO

1 -

MRF:MAS {3}

2/5/87

3849/6

b6
b7C

FEDERAL BUREAU OF INVESTIGATION
COMMUNICATIONS CENTER
FEB 6 1987

FEDERAL BUREAU OF INVESTIGATION
COMMUNICATIONS CENTER

FEB 9 1987

CONFLICT OF INTEREST; 00: BUREAU {BU}.

REBUTELS DATED NOVEMBER 20, 1986 AND NOVEMBER 25, 1986.

REBUTEL OF NOVEMBER 20, 1986 REQUESTED ASSISTANCE OF LEGAL ATTACHES {LEGATS} IN DETERMINING SUBSCRIBER INFORMATION FOR TELEPHONE NUMBERS FROM TOLL RECORDS BELONGING TO MICHAEL K. DEAYER. LEGATS WERE ADVISED THAT THESE TOLL RECORDS WERE OBTAINED BY SUBPOENA FROM A FEDERAL GRAND JURY INVESTIGATING CAPTIONED MATTER.

BUTEL OF NOVEMBER 25, 1986 ADVISED LEGATS THAT INDEPENDENT COUNSEL WHITNEY NORTH SEYMOUR, JR., HAD REQUESTED THAT IT WAS NOT NECESSARY TO CONTACT REPRESENTATIVES OF A FOREIGN GOVERNMENT IN ORDER TO DETERMINE SUBSCRIBER INFORMATION OF THE TELEPHONE NUMBERS IN VIEW OF THE APPLICABILITY OF RULE 6(E) OF THE FEDERAL RULES OF CRIMINAL PROCEDURE.

ON FEBRUARY 4, 1987, INDEPENDENT COUNSEL SEYMOUR ADVISED THAT IT IS NOT NECESSARY TO MAKE ANY ADDITIONAL EFFORTS TO DETERMINE SUBSCRIBERS OF TELEPHONE NUMBERS REFERRED TO ABOVE.

RECEIVING LEGATS ARE REQUESTED TO DISCONTINUE AT THIS TIME ANY CONSIDERATION TOWARD DETERMINING SUBSCRIBER INFORMATION FOR THESE TELEPHONE NUMBERS WHICH WOULD REQUIRE CONTACTING A

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REPRESENTATIVE OF A FOREIGN GOVERNMENT.

FBIHQ IS APPRECIATIVE OF LEGATS EFFORTS IN THIS MATTER TO
PROVIDE SUBSCRIBER INFORMATION FOR TELEPHONE NUMBERS NOT
REQUIRING CONTACT WITH A REPRESENTATIVE OF A FOREIGN
GOVERNMENT.

BT

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NOVEMBER 25, 1986

UNCLAS

IMMEDIATE

FM DIRECTOR FBI
TO LEGAL ATTACHE BERN IMMEDIATE
PERSONAL ATTENTION
LEGAL ATTACHE BONN IMMEDIATE
PERSONAL ATTENTION
LEGAL ATTACHE BOGOTA IMMEDIATE
PERSONAL ATTENTION
LEGAL ATTACHE CANBERRA IMMEDIATE
PERSONAL ATTENTION
LEGAL ATTACHE HONG KONG IMMEDIATE
PERSONAL ATTENTION
LEGAL ATTACHE LONDON IMMEDIATE
PERSONAL ATTENTION
LEGAL ATTACHE MEXICO CITY IMMEDIATE
PERSONAL ATTENTION
LEGAL ATTACHE OTTAWA IMMEDIATE
PERSONAL ATTENTION

1 - MR. OTTO
1 - MR. REVELL
1 - MR. DAVIS
1 -
1 - LIAISON UNIT

WDA:DAG {7}

11/25/86

3849/6

{SEE NOTE PAGE 5}

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LEGAL ATTACHE PANAMA CITY IMMEDIATE

PERSONAL ATTENTION

LEGAL ATTACHE PARIS IMMEDIATE

PERSONAL ATTENTION

LEGAL ATTACHE ROME IMMEDIATE

PERSONAL ATTENTION

LEGAL ATTACHE TOKYO IMMEDIATE

PERSONAL ATTENTION

TO FBI MIAMI IMMEDIATE

PERSONAL ATTENTION

TO FBI SAN JUAN IMMEDIATE

PERSONAL ATTENTION

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND
ASSISTANT TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978
{EIGA} CONFLICT OF INTEREST. 00: FBIHQ.

REBUTEL DATED NOVEMBER 20, 1986.

REFERENCED TELETYPE REQUESTED INVESTIGATION IN FOREIGN
COUNTRIES RELATIVE TO SUBSCRIBER CHECKS ON CERTAIN TELEPHONE

NUMBERS. BY AIRTEL TO ALL SACS AND LEGATS DATED DECEMBER 10, 1985, TITLED "APPLICABILITY OF RULE 6(E) OF THE FEDERAL RULES OF CRIMINAL PROCEDURE TO INVESTIGATIONS OF FOREIGN COUNTRIES" ALL OFFICES WERE ADVISED THAT DUE TO RULE 6(E), FEDERAL RULES OF CRIMINAL PROCEDURE, LEGATS SHOULD NOT DISCLOSE GRAND JURY MATERIAL TO REPRESENTATIVES OF FOREIGN GOVERNMENTS UNLESS FIRST OBTAINING A COURT ORDER. CURRENT FBI POLICY DICTATES THAT TOLL RECORDS OBTAINED THROUGH GRAND JURY SUBPOENAS ARE "MATTERS OCCURRING BEFORE THE GRAND JURY" WITHIN THE MEANING OF RULE 6(E).

ON NOVEMBER 25, 1986, INDEPENDENT COUNSEL WHITNEY NORTH SEYMOUR WAS ADVISED THAT SOME LEGATS ARE FINDING IT NECESSARY TO CONTACT REPRESENTATIVES OF FOREIGN GOVERNMENTS IN ORDER TO OBTAIN THE SUBSCRIBER INFORMATION REQUESTED. SEYMOUR REQUESTED THAT NO FOREIGN GOVERNMENT REPRESENTATIVES BE CONTACTED IN ORDER TO OBTAIN THE REQUESTED INFORMATION. IF THE SUBSCRIBER AND SUBSEQUENT INDICES INFORMATION CANNOT BE OBTAINED WITHOUT CONTACT WITH FOREIGN GOVERNMENT REPRESENTATIVES, FBIHQ SHOULD BE SO ADVISED.

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NOTE: BY BUTEL DATED 11/20/86, LEGATS WERE REQUESTED TO CONDUCT SUBSCRIBER AND SUBSEQUENT INDICES CHECKS REGARDING APPROXIMATELY 130 TELEPHONE NUMBERS. LEGAT, OTTAWA ADVISED ON 11/21/86, THAT THEY COULD NOT OBTAIN THE REQUESTED INFORMATION WITHOUT CONTACT WITH CANADIAN OFFICIALS. THIS WOULD BE IN CONFLICT WITH CURRENT FBI POLICY AS DETAILED IN 12/10/85 AIRTEL TO ALL OFFICES RELATIVE TO APPLICABILITY OF RULE 6(E). THIS ISSUE WAS DISCUSSED WITH LEGAL COUNSEL DIVISION, WHO ADVISED THAT ALTHOUGH CURRENT FBI POLICY WOULD PROHIBIT DISCLOSURE OF TELEPHONE TOLL INFORMATION OBTAINED THROUGH FEDERAL GRAND JURY SUBPOENA, LCD IS PRESENTLY PREPARING A COMMUNICATION TO DOJ WHICH REQUESTS A REVIEW OF THE PRESENT 6(E) POLICY, AND QUESTIONS THE CHARACTERIZATION OF SUBPOENAED TELEPHONE RECORDS AS 6(E) MATERIAL. PER DISCUSSION WITH LCD, IC SEYMOUR WAS INFORMED THAT STRONG CONSIDERATION WOULD BE GIVEN TO HIS CHARACTERIZATION OF THE REQUESTED TOLL RECORDS IN DETERMINING WHETHER THE MATERIAL WOULD BE SUBJECT TO RULE 6(E) RESTRICTIONS. ON 11/25/86, IC SEYMOUR WAS CONTACTED AND ADVISED OF THE ABOVE SITUATION. SEYMOUR STATED THAT ALTHOUGH HE DOES NOT CONSIDER RULE 6(E) TO APPLY TO THE TOLL RECORDS, HE DOES NOT DESIRE TO HAVE ANY FOREIGN GOVERNMENT REPRESENTATIVES CONTACTED FOR THE REQUESTED INFORMATION DUE TO THE INVESTIGATIVE STRATEGY OF THE CASE.

APPROVED:

Director _____

Exec. AD-Adm. _____

Exec. AD-Inv. _____

Exec. AD-LES _____

Adm. Servs. _____

Crim. Inv. WVF

Ident. _____

Inspection _____

Intell. _____

Laboratory _____

Legal Coun. JPD

Off. of Cong. & Public Affs. _____

Rec. Mgnt. _____

Tech. Servs. _____

Training _____

RW

Best Copy Available

February 3, 1987

Whitney North Seymour, Jr., Esq.
Independent Council
U.S. Court House
Suite 6800
One Marshall Place
Washington, D.C. 20001

Dear Mr. Seymour:

Reference is made to your letter dated November 12, 1986, in which you requested subscriber information for [redacted] Michael A. Deaver. Reference is also made to my letter to you dated December 1, 1986 in which you were provided information on [redacted]

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Attached hereto are enclosed for your information on three (3) pages [redacted] Efforts are continuing by our [redacted] office to obtain [redacted] in Trinidad. The results of those efforts will be made available to you upon receipt at FBI Headquarters.

Please advise if I can be of further assistance to you on this or any other matter.

Sincerely,

A

John D. Cline
Executive Assistant Director
Law Enforcement Services

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Exec AD Adm. ☒
Exec AD Inv. ☒
Exec AD LES ☒
Asst. Dir.:
Adm. Servs. ☒
Crim. Inv. ☒
Ident. ☒
Insp. ☒
Intell. ☒
Lab. ☒
Legal Coun. ☒
Off. Cong. & Public Affs. ☒
Rec. Mgnt. ☒
Tech. Servs. ☒
Training ☒
Telephone Rm. ☒
Director's Sec'y ☒
MAIL ROOM ☒
12 OCT 27 1986

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MARCH 17, 1987

UNCLAS

PRIORITY

FM DIRECTOR FBI {211-25} {P}

TO FBI, WASHINGTON FIELD OFFICE {PRIORITY} PERSONAL ATTENTION
BT

UNCLAS

MICHAEL K. DEEVER, FORMER CHIEF OF STAFF AND ASSISTANT TO THE
PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 {EIGA}; CONFLICT OF
INTEREST; OO: BUREAU {BU}.

REBUTEL TO ALL OFFICES DATED JUNE 13, 1986, TELCAL OF
EXECUTIVE ASSISTANT DIRECTOR JOHN E. OTTO, FBIHQ, TO SAC
DOUGLAS A. GOW, WFO, MARCH 13, 1987 AND TELCAL OF SSA [REDACTED]
[REDACTED], PUBLIC CORRUPTION UNIT, FBIHQ TO SAC GOW,
MARCH 16, 1987.

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WFO SPECIAL AGENTS [REDACTED] [REDACTED]
[REDACTED] AND [REDACTED] WERE ASSIGNED TO
ASSIST INDEPENDENT COUNSEL {IC} WHITNEY NORTH SEYMOUR, JR. IN
THE INVESTIGATION OF THE ACTIVITIES OF MICHAEL K. DEEVER
FOLLOWING IC SEYMOUR'S APPOINTMENT BY THE U.S. COURT OF APPEALS

MRF:MAS {3}

3/17/87

3849/6

1 - MR. OTTO

1 - [REDACTED]

SEE NOTE PAGE 4

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MAR 18 1987

ON MAY 29, 1986.

BY LETTER DATED MARCH 12, 1987, CONGRESSMAN LEE H. HAMILTON, CHAIRMAN, HOUSE SELECT COMMITTEE TO INVESTIGATE COVERT ARMS TRANSACTIONS WITH IRAN, REQUESTED THE DIRECTOR TO APPROVE A TEMPORARY ASSIGNMENT OF SA [] TO ASSIST IN HIS INVESTIGATION OF THE COVERT ARMS TRANSACTIONS WITH IRAN.

BY LETTER DATED MARCH 17, 1987, EXECUTIVE ASSISTANT DIRECTOR OTTO, ACTING FOR THE DIRECTOR ADVISED CONGRESSMAN HAMILTON OF HIS APPROVAL FOR SA [] TO BE TEMPORARILY ASSIGNED FOR UP TO 120 DAYS TO CONGRESSMAN HAMILTON'S COMMITTEE. THE LETTER ALSO ADVISED CONGRESSMAN HAMILTON THAT THIS APPROVAL WAS MADE IN ACCORDANCE AND CONCURRENCE WITH IC SEYMOUR AND WITH THE STIPULATIONS MADE BY IC SEYMOUR THAT SA [] BE AVAILABLE FOR ANY TRIAL PREPARATION IN CAPTIONED MATTER SHOULD THAT BE NECESSARY.

ON MARCH 16, 1987, SA [] ADVISED THAT IC SEYMOUR WAS REDUCING HIS STAFF IN VIEW THAT MOST OF THE INVESTIGATION IN THIS MATTER HAS BEEN COMPLETED. SA [] FURTHER ADVISED THAT IC SEYMOUR IS ALLOWING SA [] TO RETURN TO WFO ON APRIL 1, 1987 BUT REQUESTS THAT SPECIAL AGENTS [] AND

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CONTINUE TO ASSIST HIM UNTIL FURTHER NOTICE.

WFO WILL BE NOTIFIED OF ANY FURTHER CHANGES OF WFO
PERSONNEL ASSIGNED TO CAPTIONED MATTER.

BT

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NOTE: ON 3/16/87, WFO SA [REDACTED] ADVISED SSA [REDACTED] PUBLIC CORRUPTION UNIT, THAT THE INVESTIGATION OF MICHAEL K. DEEVER BEING CONDUCTED BY INDEPENDENT COUNSEL [REDACTED] WHITNEY NORTH SEYMOUR, JR. IS NEARING COMPLETION. SA [REDACTED] STATED THAT WFO SA [REDACTED] IS BEING ALLOWED TO RETURN TO WFO EFFECTIVE 4/1/87. WFO SAC [REDACTED] WAS MADE AWARE OF THIS ON 3/16/87 BY SSA [REDACTED].

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SAC GOW AND SA [REDACTED] WERE MADE AWARE ON 3/13/87 OF THE DIRECTOR'S APPROVAL FOR SA [REDACTED] TEMPORARY ASSIGNMENT TO U.S. CONGRESSMAN LEE H. HAMILTON'S COMMITTEE TO INVESTIGATE THE COVERT ARMS TRANSACTIONS WITH IRAN.

UNCLASSIFIED

3/17/87

Exec AD Adm.	_____
Exec AD Inv.	_____
Exec AD LES	_____
Asst. Dir.:	_____
Adm. Servs.	_____
Crim. Inv.	_____
Ident.	_____
Insp.	_____
Intell.	_____
Lab.	_____
Legal Coun.	_____
Off. Cong. & Public Affs.	_____
Rec. Mgnt.	_____
Tech. Servs.	_____
Training	_____
Telephone Rm.	_____
Director's Sec'y	_____

JUDGE:

RE: MICHAEL K. DEEVER,
FORMER DEPUTY CHIEF OF STAFF
AND ASSISTANT TO THE PRESIDENT;
ETHICS IN GOVERNMENT ACT OF 1978 (EIG
CONFLICT OF INTEREST;
OO: FBIHQ

SYNOPSIS: On 3/17/87, the United States Court of Appeals, Washington, D.C., denied the motion for a stay of a Federal jury (FGJ) indictment of Michael K. Deaver.

DETAILS: This matter has been presented to FGJ, District of Columbia, by Independent Counsel (IC) Seymour, for an indictment of Deaver on Perjury charges relating to Deaver's testimony before the FGJ and before a Congressional Committee headed by Representative John D. Dingell. Deaver's testimony was related to his involvement as a lobbyist in the issues of acid rain, tax benefits for Puerto Rico, Trans World Airlines and trade matters with Korea.

On 2/25/87, Herbert J. Miller, Jr., Defense Attorney for Deaver filed a motion before United States District Judge Thomas Penfield Jackson, United States District Court, Washington, D.C., requesting Judge Jackson to issue a Temporary Restraining Order (TRO) barring the FGJ from returning an indictment against Deaver. The motion challenged the rights of the IC under the United States Constitution to present information to a FGJ for indictments.

On 3/10/87, Judge Jackson heard oral arguments from Attorney Miller and IC Seymour on the motion. Following the arguments, Judge Jackson denied Deaver's motion to stay the indictment.

On 3/12/87, Attorney Miller filed a motion with the United States Court of Appeals requesting a stay of the indictment on the same grounds as argued before Judge Jackson. Appeals Court Judges Lawrence H. Silberman, Stephen Williams and Douglas H. Ginsburg granted Deaver a stay of the indictment until Tuesday, 3/17/87.

1 - Mr. Otto

1 - [REDACTED]

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MF:mas (3)

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FILE

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CURRENT DEVELOPMENTS: On 3/17/87, the United States Court of Appeals issued an order denying the motion for a stay of the FGJ indictment and further ordered that the United States District Court's denial of Deaver's motion for preliminary injunction against IC Seymour from seeking an indictment be summarily affirmed.

In the Order, the United States Court of Appeals expressed no opinion on the merits of Deaver's motion on Constitutional arguments.

On 3/17/87, WFO SA [redacted] advised that IC Seymour intends to present the facts of this case to the FGJ, Washington, D.C., on 3/18/87 for an indictment of Deaver on charges of Perjury.

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I will keep you advised of pertinent developments.

John E. Otto

UNCLASSIFIED

UNCLASSIFIED

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b7C

3/26/87

JUDGE:

RE: MICHAEL K. DEAVER,
FORMER DEPUTY CHIEF OF STAFF
AND ASSISTANT TO THE PRESIDENT;
ETHICS IN GOVERNMENT ACT OF 1978
CONFLICT OF INTEREST;
OO: FBIHQ

SYNOPSIS: On 3/26/87, Michael K. Deaver was arraigned before U. S. District Judge Thomas P. Jackson, District of Columbia, and was continued on release on Personal Recognizance bond. At the request of his Attorney, Herbert J. Miller, Jr. and at the subsequent request of Independent Counsel (IC) Whitney North Seymour, Jr., Deaver then appeared at FBIHQ where he was fingerprinted and photographed.

DETAILS: This matter was presented to the Federal grand jury (FGJ), District of Columbia, by IC Seymour for an indictment of Deaver on Perjury charges relating to Deaver's testimony before the FGJ and before a Congressional Committee headed by Representative John D. Dingell. Deaver's testimony was related to his involvement as a lobbyist on the issues of acid rain, tax benefits for Puerto Rico, Trans World Airlines and trade matters with Korea.

On 3/18/87, the FGJ returned an indictment against Deaver on five counts of Perjury.

CURRENT DEVELOPMENTS: On 3/26/87, Deaver appeared before Judge Jackson, U. S. District Court, and entered a plea of not guilty. Deaver was continued on release on a Personal Recognizance bond and a trial date was set for 6/8/87.

WFO SA [] had advised FBIHQ on 3/25/87 that IC Seymour had been requested by Deaver's attorney to have Deaver fingerprinted and photographed at FBIHQ in order to avoid the "cell block" atmosphere and media attention anticipated at the U. S. Courthouse and at the U. S. Marshal's office. SA [] further advised that IC Seymour instructed him to inquire if Deaver could be fingerprinted and photographed at FBIHQ.

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- 1 - Mr. Otto
- 1 - Mr. Greathouse
- 1 - []
- 1 - []

MRF:dag (5)

UNCLASSIFIED

UNCLASSIFIED

Arrangements were made with Section Chief Danny W. Greathouse, Technical Section and Assistant Section Chief [redacted] Latent Fingerprint Section, to accommodate the request of IC Seymour.

On 3/26/87, at 10:15 a.m., Deaver appeared at the Escort Desk, FBIHQ, in the presence of one of his Attorneys, Randal Turk and was met there by Supervisory Special Agent [redacted] Public Corruption Unit, White-Collar Crimes Section. Deaver was fingerprinted and photographed in an interview room adjacent to the Escort Desk. The process was cordial, without incident, and completed by 10:30 a.m.

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I will keep you advised of further developments in this matter.

John E. Otto

*3/26/87
Printed and
my name note at
SOB today. A*

UNCLASSIFIED

April 23, 1987

Whitney North Seymour, Jr. Esq.
Independent Counsel
United States Courthouse
Suite 6400
One Marshall Place
Washington D.C. 20001

Dear Mr. Seymour:

Enclosed are copies of 34 news articles relating to Michael K. Deaver which may be of interest to you.

Our Public Corruption Unit will continue to collect news articles relative to the Deaver matter and supply them to you.

Please advise if I can be of further assistance to you.

Sincerely,

John E. Otto
Executive Assistant Director
Law Enforcement Services

Enclosure *34*

Endorsement Delivered

Exec AD Adm. 1
Exec AD Inv. 1
Exec AD LES 1
Asst. Dir.:
Adm. Servs. 1
Crim. Inv. 1
Ident. 1
Insp. 1
Intell. 1
Lab. 1
Legal Coun. 1
Off. Cong. & Public Affs. 1
Rec. Mgnt. 1
Tech. Servs. 1
Training 1
Telephone Rm. 1
Director's Sec'y 1

APPROVED:

Director _____
Exec. AD-Adm. _____
Exec. AD-Inv. _____
Exec. AD-LES _____

Adm. Servs. _____
Crim. Inv. gao

Ident. _____
Inspection _____
Intell. _____

Laboratory _____
Legal Coun. _____
Off. of Cong. & Public Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____

MAIL ROOM

JAN 2 1988



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(2)

1984, when "Deaver was personally present" for discussions of acid rain. The indictment also charges that Deaver actively supported the idea of appointing a special ambassador "from the moment the idea was first proposed on Dec. 17, 1984" and the selection of Drew Lewis for the post.

The final count charges Deaver with lying to the grand jury when he denied making any contacts with administration officials about an Internal Revenue Service rule that would benefit Puerto Rico.

Deaver to take fight to high court

By Ralph Soda
USA TODAY

Former White House aide Michael Deaver is taking his fight to avoid indictment to the U.S. Supreme Court.

A federal appeals court Tuesday lifted a temporary stay of a probe into Deaver's lobbying activities — clearing the way for his perjury indictment by special prosecutor Whitney North Seymour.

But Randall Turk — lawyer for President Reagan's longtime confidant — said he'd ask Chief Justice William Rehnquist for an emergency order barring the grand jury action.

Last week a lower court rejected the Washington super-lobbyist's suit to halt the probe.

Courts have rejected a similar suit from Iran-contra scandal figure Lt. Col. Oliver North — seeking to bar special prosecutor Lawrence Walsh's probe.

As in the lower courts, the appeals panel expressed no view on Deaver's argument that the Ethics in Government Act is unconstitutional. He argues that the 1978 law usurps presidential powers by permitting appointment of special

prosecutors by a judicial panel.

The appellate court said Deaver's suit seeks "an impermissible pre-emptive civil challenge to criminal proceedings."

The grand jury is weighing claims that Deaver violated laws barring former officials from lobbying U.S. agencies or lobbying on matters they dealt with while in government.

Seymour, who has said he will seek to indict Deaver on four counts of perjury for lying to Congress and the grand jury, had no comment on the ruling.

Exec AD Adm. _____
Exec AD Inv. _____
Exec AD LES _____
Asst. Dir.: _____
Adm. Servs. _____
Crim. Inv. _____
Ident. _____
Insp. _____
Intell. _____
Lab. _____
Legal Coun. _____
Off. Cong. &
Public Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____
Telephone Rm. _____
Director's Sec'y _____

The Washington Post _____
The Washington Times _____
Daily News (New York) _____
The New York Times _____
The Wall Street Journal _____
The Chicago Tribune _____
The Los Angeles Times _____
The Christian Science Monitor _____
USA Today 4A _____

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Deaver loses appeal on injunction

By George Archibald
 THE WASHINGTON TIMES

A federal appeals panel yesterday gave a green light to an independent counsel seeking the indictment of former White House Deputy Chief of Staff Michael K. Deaver.

The three-judge court denied Mr. Deaver's request for an injunction to block independent counsel Whitney North Seymour Jr. from obtaining a grand jury indictment against the former Reagan aide on four counts of perjury during a nine-month conflict-of-interest probe.

On Feb. 25, U.S. District Judge Thomas Penfield Jackson denied a previous request by Mr. Deaver for an injunction while he tests the constitutionality of the independent counsel statute.

Randall Turk, an attorney for Mr. Deaver, late yesterday afternoon asked the Supreme Court for an emergency stay of the appeals court's order. Chief Justice William H. Rehnquist handles emergency appeals from orders of the federal appeals court in Washington.

But appeals court officials said such an appeal would not prevent Mr. Seymour from obtaining an indictment against Mr. Deaver, probably by tomorrow.

"He [Mr. Seymour] is free to get the indictment and proceed with prosecution regardless of possible further appeal," said one court official involved in the case.

The appeals court's six-paragraph order instructed Judge Jackson to dismiss Mr. Deaver's constitutional challenge of the 8-year-old indepen-

dent counsel law.

Mr. Deaver's "case constitutes an impermissible pre-emptive civil challenge to a criminal proceeding," the court ruled.

"It is . . . ordered by the court that the case be remanded to the district court with directions to dismiss the complaint," the ruling stated.

The order was issued by U.S. Circuit Judges Laurence H. Silberman, Stephen L. Williams and Douglas H. Ginsburg.

A similar constitutional challenge of the independent counsel law by fired National Security Council aide Lt. Col. Oliver North was dismissed last week by another federal judge. Col. North is appealing the decision.

Mr. Seymour has argued since Mr. Deaver first tried to block prosecution that the time to challenge the constitutionality of the statute was when an indictment was issued.

Attorneys for Mr. Deaver had argued that the reputation of the long-time Reagan confidant and what remains of his multimillion-dollar lobbying business would be "irreparably harmed" by an indictment. The appeals court yesterday rejected that argument.

At the outset of Mr. Deaver's constitutional challenge last month, Mr. Seymour announced in open court that he intended to seek indictment of the former top White House official on four counts of perjury.

The alleged perjury occurred May 16 during testimony before the House Energy and Commerce Committee and June 20 in daylong testimony before a grand jury, Mr. Seymour said.

Mr. Seymour has been sharing a grand jury since last June with Joseph E. diGenova, U.S. attorney for the District of Columbia, according to court papers.

That grand jury was meeting yesterday afternoon when the appeals court lifted a five-day stay blocking further action by Mr. Seymour in the Deaver case. But no indictment was issued before the court clerk's office closed at 4:30 p.m.

Members of Mr. Seymour's staff would not say when the independent counsel would go before the grand jury, which court officials said is scheduled to meet again tomorrow.

Mr. Seymour is one of four independent counsels investigating alleged wrongdoing by former Reagan administration officials.

He was named May 29, 1986, by a special three-judge panel of the U.S. Appeals Court of the District of Columbia to investigate alleged conflict-of-interest involving Mr. Deaver's lobbying activities since he left the White House in May 1985.

Federal conflict-of-interest laws restrict former senior government officials from a variety of lobbying activities.

The probe has focused on Mr. Deaver's work as a \$105,000-a-year lobbyist for the government of Canada on the controversial acid rain issue, his \$250,000-a-year contract with Rockwell International Corp. to promote more government purchases of the B-1 bomber, and his efforts for a New York brokerage firm to retain tax credits worth \$800 million to U.S. businesses investing in Puerto Rico.

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Problems stem from shift from public to private life

As a longtime friend and White House assistant to President Reagan, Michael Deaver was known for his genius at using television to project the image of the Great Communicator.

But Deaver yearned for a more lucrative career of his own and soon left to begin a super lobbying firm. He had built an impressive reputation. Soon he was building an equally impressive clientele.

But now he's fighting a probe by an independent counsel. What brought him to this point began nine months after he left the White House in May 1985.

After leaving his \$72,000 post as presidential adviser, Deaver came under the glare of publicity. A newspaper article — depicting him as an emerging millionaire whose public relations firm was doing millions of dollars a year in business — piqued the interest of Rep. John Dingell, D-Mich., chairman of a House oversight committee on investigations.

Among Deaver's clients reportedly were such big names as CVS, TWA, Philip Morris Co. and the South Korean government.

Dingell's committee wanted to know if Deaver's clients were seeking to cash in on his access to the president.

And if so, the panel wanted to know if he had violated the Ethics in Government law that barred him from:

- Lobbying the White House on any matter for a year after leaving his job.

- Lobbying any department of the government for two years on an issue in which he had direct responsibility.

- Lobbying for the rest of his life on issues in which he participated "personally and substantially."

Deaver denied any wrongdoing, saying he was the victim of "politically motivated" harassment. But he also said he welcomed the appointment of an independent counsel.

Meanwhile, the General Accounting Office was doing its own investigation.

It found that within six days of leaving the White House Deaver discussed a \$105,000 contract with Canada, which was worried about acid rain pollution originating in the USA. At issue: whether he spoke with Canada about his lobbying plans while still at the White House.

Deaver, the GAO said, "appears" to have violated conflict-of-interests laws.

About the same time, the FBI reported that three months after leaving the White House, Deaver telephoned then-national security adviser Robert McFarlane on behalf of Puerto Rico to discuss changes

The probes

Nine presidential appointees have been investigated, but none charged, under the Ethics in Government Act of 1978:

Hamilton Jordan, former Carter chief of staff. Probe began: November 1979. Accusation: cocaine use.

Timothy Kraft, former Carter campaign manager. Probe began: September 1980. Accusation: cocaine use.

Raymond Donovan, ex-Labor secretary. Probe began: December 1981. Accusation: construction payoffs, dealing with organized crime figures.

Edwin Meese, attorney general. Probe began: April 1984. Accusation: trading jobs for loans.

Theodore Olsen, ex-assistant attorney general. Probe began: May 1986; ongoing. Accusation: withholding documents from Congress.

Michael Deaver, ex-presidential aide. Probe began: May 1986, ongoing. Accusation: illegal lobbying activity.

Oliver North, John Poindexter, ex-White House aides. Probe began: December 1986; ongoing. Accusation: illegal arms sales to Iran, diversion of funds to Nicaraguan contras.

Lyn Nofziger, ex-Reagan campaign manager. Probe began: February 1987; ongoing. Accusation: illegal lobbying after leaving White House.

in U.S. tax laws.

The FBI report urged that a special prosecutor be appointed to look into Deaver's lobbying activities.

As the hearings continued, other possible conflicts began to emerge.

There were allegations Deaver used his administration contacts to:

- Lobby for support of the B-1 bomber, manufactured by Deaver client Rockwell International.

- Get the contract to publicize the 750th anniversary of the founding of Berlin, Germany.

- Influence trade decisions for foreign clients.

On Aug. 12, Dingell's committee voted 17-0 to ask independent counsel Whitney North Seymour to examine whether Deaver perjured himself in testimony before the committee, concerning the Puerto Rican and Canadian contracts.

— Ralph Soda

Judge Bars Indictment of Deaver To Mull Constitutional Challenge

By MARTIN TOLCHIN

Special to The New York Times

WASHINGTON, Feb. 25 — A special prosecutor said today that he would ask a Federal grand jury to indict Michael K. Deaver, the former White House deputy chief of staff, on four counts of perjury. But a Federal district judge temporarily barred any indictments after Mr. Deaver's lawyers challenged the constitutionality of the law authorizing appointment of special prosecutors.

The prosecutor, Whitney North Seymour, said he would ask the grand jury to indict Mr. Deaver on charges that he lied last May in testimony before a House Energy and Commerce subcommittee and also lied to a Federal grand jury on three different matters. The grand jury has been investigating conflict-of-interest charges arising from Mr. Deaver's lobbying activities.

Mr. Deaver's counsel argued in Federal District Court that the 1978 law permitting the appointment of special prosecutors violated the constitutional doctrine of separation of powers.

'No Irreparable Harm'

Judge Thomas Penfield Jackson temporarily barred Mr. Seymour from pressing the case, saying that "no irreparable harm" would occur from a brief delay. He set March 11 for a hearing on the constitutional challenge.

The challenge came a day after attorneys for Lt. Col. Oliver L. North, a former aide to the National Security Council, filed a similar challenge against the appointment of Lawrence E. Walsh as a special prosecutor. Mr. Walsh was appointed by a three-judge Federal panel to investigate the sale of arms to Iran by the United States and the diversion of the profits to the Nicaraguan rebels.

Mr. Deaver's lawyers submitted a copy of Colonel North's brief along with with their own 42-page challenge to the special prosecutor statute. It was not clear whether Mr. North and Mr. Deaver had coordinated their actions in advance.

Judge Jackson said Mr. Deaver "has raised substantial questions as to the constitutionality of the Independent Counsel provisions of the Ethics in Government Act." The judge also said that "a brief delay" was justified because "the grand jury's term is not imminently to end."

"No evidence is in danger of being lost," the judge said. "No statute of limitations is about to expire. The plaintiff Deaver is not likely to flee the jurisdiction."

The judge's action came hours be-

fore the grand jury was expected to indict Mr. Deaver. Mr. Seymour's actions in pressing the indictments were praised by both Republicans and Democrats in Congress.

Appointed by the Judiciary

Mr. Deaver's lawyers argued that Mr. Seymour, who was appointed last May by a three-judge Federal court, sought to "usurp" prosecutorial powers that the Constitution had vested in the executive branch.

"The judge's decision speaks for itself," Herbert J. Miller, one of Mr. Deaver's attorneys, said on leaving the courthouse. "The constitutional issues are very important."

Mr. Miller, asked why he had waited until the indictments appeared imminent before challenging the constitutionality of the law, replied, "We wanted to make sure we had a real concern about what would happen."

Deaver Asked for Prosecutor

In opposing the delay in the Deaver case, Mr. Seymour predicted in a court session, "The grand jury is going to allege that he lied the very first time he came to them." He noted that Mr. Deaver had petitioned the Justice Department to seek the appointment of an independent counsel.

"Now, all of a sudden, when he sees that gamble is lost," Mr. Seymour continued, Mr. Deaver "is talking about coming in and claiming irreparable harm" from an indictment. "It's only now he has faced up to the fact that it's not coming out the way he wanted it to," Mr. Seymour said.

The House subcommittee had focused on Mr. Deaver's lobbying on behalf of the Canadian Government for an agreement with the United States on acid rain. The committee asked the independent counsel to explore charges that Mr. Deaver had lied in committee testimony.

Mr. Seymour was given the broader task of investigating several of Mr. Deaver's enterprises to determine whether he violated ethics laws that restrict lobbying by former Government officials. Last month, Mr. Seymour asked the Federal court to extend his jurisdiction to include allegations of perjury and obstruction of justice.

Mr. Miller acknowledged that there was no case law to bolster his contention that Mr. Seymour lacks constitutional authority to prosecute Mr. Deaver. "The constitutionality of this statute has not been challenged as such in this situation," Mr. Miller said.

Steven R. Ross, counsel to the Clerk of the House of Representatives, which seeks to uphold the statute, said that

the claim by both Mr. Deaver and Colonel North was "not frivolous."

But he noted that the executive branch must set in motion the machinery that leads to the appointment of special prosecutors.

"The Attorney General must petition for appointment of an independent counsel. Without his application, nothing would have happened," Mr. Ross said.

Attorney General Edwin Meese asked that an independent counsel be appointed to investigate Mr. Deaver's representation of Canada in seeking an acid-rain agreement, and his efforts to seek Federal tax code changes that benefited Puerto Rico. The Attorney General also asked that the independent counsel be permitted to review other matters that had evoked congressional concern. These included Mr. Deaver's representation of the Daewoo Corporation, a large South Korean steel company, and his lobbying on behalf of the Rockwell International Corporation.

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Deaver charge is put on hold

By JOSEPH VOLZ

News Washington Bureau

WASHINGTON—A federal judge yesterday temporarily blocked the perjury indictment of Michael Deaver, President Reagan's former deputy chief of staff, contending that "substantial" constitutional questions had been raised about the appointment of special prosecutors.

In a move that also could have reverberations in the Iran/Contra probe, Judge Thomas Jackson issued a temporary restraining order, and set a hearing for March 11.

The action came as special prosecutor Whitney North Seymour Jr. sought a grand jury indictment of Deaver on four counts of lying to a congressional committee and to the grand jury about his lobbying activities.

The decision could also hamper the Iran/Contra probe and the investigation of Wedtech lobbying activities by

another former White House aide, Lyn Nofziger.

Suits similar

Deaver's lawyer, Herbert Miller, argued that the law governing appointment of special prosecutors violates the separation of powers of the Constitution. His suit, similar to one filed Tuesday by Lt. Col Oliver North, contended that the 1978 Ethics in Government Act, setting up a special prosecutor, was unconstitutional because only presidential appointees should be allowed to prosecute crimes against the U.S. Under the special prosecutor law, a three-judge panel, not the President, names the prosecutor.

Seymour responded that Deaver himself had asked for a special prosecutor last year and did not raise any constitutionality issue until he discovered he was about to be the first man ever indicted under the law.

The intent of the law, passed after the Watergate scandal, was to prevent high government officials from interfering with investigations against them.

Nixon action

During Watergate, President Richard Nixon fired a special prosecutor he had named, Archibald Cox, setting off a constitutional and political furor. The new law sought to bypass the problem by giving hiring and firing power to the judicial branch instead of the executive.

Earlier, Seymour told the judge that Deaver, who quit the White House in 1985 to become a high-powered lobbyist, "lied the very first time he came to" the grand jury. Seymour said that Deaver had also lied to the House Energy Committee, which had investigated Deaver's lobbying activities on behalf of the Canadian government about how to control acid rain.

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Suit by Deaver Thwarts Attempt to Indict Him

Special Counsel's Authority Challenged

By Howard Kurtz
Washington Post Staff Writer

An independent prosecutor moved to obtain an indictment of former White House aide Michael K. Deaver yesterday on four counts of perjury, but Deaver temporarily avoided any indictment when a federal judge agreed to consider his challenge to the independent counsel's appointment.

Whitney North Seymour Jr., the independent counsel, told a federal judge that he was ready to ask the grand jury to indict Deaver on one count of lying to a House subcommittee and three counts of lying in grand jury testimony. The alleged perjury involves Deaver's lobbying for private clients since resigning as White House deputy chief of staff in May 1985.

But in an unprecedented ruling, U.S. District Court Judge Thomas Penfield Jackson issued a temporary restraining order that barred Seymour from asking the grand jury to indict Deaver. The judge set a hearing on the dispute for March 11.

Deaver raised the same constitutional objection that was cited by Lt. Col. Oliver L. North, who filed suit Tuesday seeking to block the criminal investigation of the Iran-contra affair by independent counsel Lawrence E. Walsh. The issue is whether an independent counsel, appointed by a special three-judge court at the Justice Department's request, is intruding on executive branch functions in violation of the separation-of-powers doctrine.

Jackson's ruling yesterday not only had the extraordinary effect of blocking an imminent request for a criminal indictment, but subsequent decisions could cast a shadow over the Iran-contra probe, as well as three other independent counsel investigations of Reagan administration figures.

Deaver, one of President Reagan's closest advisers for more than 20 years, called for an independent counsel last April to examine whether he had violated conflict-of-interest laws. Deaver said then that "elementary due process and fairness to me and my family require

appointment of an independent counsel This is the only way to resolve the issue fairly."

Seymour, a former U.S. attorney in Manhattan, repeatedly cited this request in arguing that Deaver should not be allowed to block his pursuit of an indictment.

"So long as he thought the investigation might clear him, it was a wonderful investigation and a constitutional investigation," Seymour told the judge. He said Deaver "has been using our office . . . so long as it was dampening any public question about his conduct."

Had the nine-month investigation ended without indictment, Seymour said, Deaver "would have been the first to say, 'Wow, I've been vindicated and this is a great process.' Instead, the grand jury is going to allege that the first time he came before them, he lied to them."

Since the probe "didn't come out the way he wanted it to," Seymour said, Deaver's "gamble was lost" and he is trying "to interfere with the normal criminal processes."

But Deaver's chief attorney, Herbert J. Miller Jr., described the indictment in court papers as reflecting "the immense harm to Mr. Deaver and his firm inflicted by Mr. Seymour's unconstitutional exercise of executive power."

Miller, who has represented former president Richard M. Nixon, told the judge that Seymour is no more than "a private citizen" and that it is "unconscionable" for him to be presenting charges to a grand jury. Miller said a short delay "is not going to harm the criminal process." Seymour said the challenge should be heard after the indictment is returned.

Deaver would be the first person indicted as a result of an independent counsel's investigation, nine of which have taken place under the 1978 Ethics in Government Act.

Jackson, a Reagan appointee, said in his ruling that Deaver had "raised substantial questions as to the constitutionality" of the independent counsel law. He said indictment could cause Deaver "irreparable

injury" that a later exoneration would never erase.

At the same time, Jackson said, Seymour acknowledged that a delay would not irreparably damage his case.

Informed sources said yesterday that Deaver rejected an offer by Seymour to have him plead guilty to fewer charges in exchange for having the other counts dropped. Deaver's lawyers decided to try to block the request for an indictment Tuesday after Seymour informed them the grand jury would act the next day.

Seymour gave some details of the proposed four-count felony indictment during court arguments. He said that two of the proposed charges that Deaver lied to the grand jury last June involve the four subjects that he was asked to investigate by the three-judge court.

One of those subjects was Deaver's attempt to lobby then-White House national security adviser Robert C. McFarlane in the summer of 1985, about three months after Deaver left the White House. Despite a one-year ban on federal employees lobbying their former agencies, Deaver called McFarlane and discussed his effort to preserve tax breaks for U.S. companies doing business in Puerto Rico, according to congressional testimony by McFarlane and others.

The House Energy and Commerce subcommittee on oversight and investigation said in a staff report that Deaver lied under oath about this and other matters in testimony before the panel last May. Deaver testified that he had not lobbied anyone at the National Security Council. Seymour's investigators devoted significant attention to the McFarlane incident, sources said.

The subcommittee, headed by

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Rep. John D. Dingell (D-Mich.), voted 17 to 0 last summer to ask Seymour to examine allegations that Deaver perjured himself before the panel.

A second part of Seymour's mandate involved Deaver's lobbying for the Canadian government on the acid rain controversy, an issue in which Deaver had been heavily involved while at the White House.

Seymour was also asked to examine Deaver's contacts with Office of Management and Budget Director James C. Miller III on behalf of Rockwell International, which was seeking contracts for the B1 bomber, and Deaver's handling of a Customs fraud case involving a South Korean conglomerate.

The last of the three grand jury perjury counts did not involve these areas, Seymour said, but arose from questions about who became Deaver's first client and whether Deaver had contacted anyone in government on that client's behalf.

Seymour described the proposed indictments in response to charges by Miller that he had strayed far beyond his legal mandate. Miller said Seymour "has investigated each and every client Michael K. Deaver & Associates ever had He has investigated contact after contact, client after client Michael K. Deaver & Associates was asked to produce every scrap of paper from the time it started."

Seymour replied that there was no "overreaching" in his investigation.

Seymour declined to comment on yesterday's ruling. Randall J. Turk, another Deaver attorney, said the independent counsel law "has serious constitutional problems, and Judge Jackson has expressed concern about those problems."

Dingell said that while Deaver had called for an independent counsel, he "is changing his tune" because of the proposed indictments. Republicans on Dingell's subcommittee issued a statement praising Seymour for seeking the indictment.

Deaver Blocks Bid for His Indictment In Last-Minute Constitutional Challenge

By ANDY PASZTOR
And EDWARD T. POUND

Staff Reporters of THE WALL STREET JOURNAL

WASHINGTON—A federal judge temporarily blocked an independent counsel from seeking a four-count perjury indictment against Michael Deaver, a former White House aide and one of President Reagan's closest friends.

U.S. District Judge Thomas Jackson, acting on an 11th hour challenge to the constitutionality of the independent counsel, issued a temporary restraining order yesterday barring prosecution of Mr. Deaver for allegedly lying to a federal grand jury and a House subcommittee. Both conducted wide-ranging investigations of whether Mr. Deaver violated federal conflict-of-interest laws by lobbying the Reagan administration on behalf of clients after leaving the White House in May 1985.

Independent counsel Whitney North Seymour Jr., visibly angry over the challenge by Mr. Deaver's lawyers, told the judge that he was planning to ask the grand jury to indict Mr. Deaver within hours. Publicly acknowledging for the first time his plans for prosecution, Mr. Seymour said: "The grand jury is going to allege that he (Mr. Deaver) lied to them the very first time he came before them."

'Substantial Questions'

Asserting that Mr. Deaver's attorneys raised "substantial questions" about the constitutionality of the law and that Mr. Deaver could suffer "irreparable harm" if he were indicted, Judge Jackson set a hearing for March 11 for further arguments.

Mr. Deaver's lawsuit, which came as a surprise, was filed only one day after Lt. Col. Oliver North, a central figure in the Iran-Contra arms scandal, used the same constitutional arguments in a separate court challenge to the independent counsel provisions of the 1978 Ethics in Government Act.

Request for Probe

Attorneys for Mr. Deaver originally asked for appointment of an independent counsel to clear their client's name, and they negotiated with Mr. Seymour's office for at least two months to try to resolve the case without an indictment. Only when those discussions broke down, according to officials familiar with the case, did they decide to challenge the fundamental legal authority of the nine-month investigation.

If the grand jury had accepted Mr. Seymour's recommendation for an indictment, the former White House aide and confidant of the President and the First Lady would have become the first target of criminal charges filed by a special prosecutor under the 1978 statute.

During the hearing, Mr. Seymour asserted that Mr. Deaver wouldn't have filed the suit if the investigation had cleared

him of wrongdoing. "It's only now that he has faced up to the fact that it's not coming out the way he wanted," asserted the independent counsel.

But in papers filed with Judge Jackson, Mr. Deaver's attorneys, Herbert J. Miller Jr. and Randall Turk, charged that the independent-counsel law violates the constitutional separation of powers, infringing on the powers of the executive branch. The law, they argued, transfers exclusive executive powers to the judicial and legislative branches.

The attorney general, they said, can remove the independent counsel from office only for "good cause," and can be overruled by a special federal judicial panel that appoints the special counsels.

"As the independent counsel . . . Mr. Seymour has, in effect, become the Attorney General of the United States, with Mr. Deaver and his associates as his sole and exclusive targets," the lawyers asserted in the court papers.

They also said that Mr. Seymour, with a staff of nine attorneys and four agents of the Federal Bureau of Investigation, had conducted "an unbounded investigation into virtually every aspect of Mr. Deaver's business and social activities" since he left the White House. The lawyers disclosed that Mr. Seymour had brought more than 150 people before the grand jury, including Mr. Deaver, government officials and employees of many of his corporate and foreign clients.

Mr. Deaver's attorneys also claim that Mr. Seymour overstepped his authority by expanding his investigation to cover possible perjury and obstruction of justice by some of Mr. Deaver's associates. Mr. Seymour sought explicit court approval for that decision last December. But the suit alleges that such retroactive judicial action doesn't cure the law's basic constitutional shortcomings.

Mr. Seymour didn't provide any details about his plans after the ruling. If the case is appealed by either side, it could take months for an appeals court ruling. Until then, Mr. Seymour's investigation may be dead in the water.

Despite long-standing legal precedents that courts shouldn't interfere with grand jury deliberations before indictments are handed up, Judge Jackson concluded that a temporary delay is warranted. He said that "no evidence is in danger of being lost" and investigators don't face any statute-of-limitations problems.

According to the lawyers, Mr. Deaver's consulting firm, which bears his name, has lost most of its clients. Mr. Deaver's firm once had about 15 clients—including foreign governments and prestigious corporate clients—and earned nearly \$4 million one year. But Mr. Deaver's problems began when his lobbying efforts for some of his clients, including Canada, South Korea and Rockwell International Corp., at-

tracted the attention of the media and the House Energy and Commerce Committee's investigations subcommittee, headed by John Dingell (D., Mich.).

The subcommittee investigated whether Mr. Deaver violated conflict-of-interest laws that restrict the lobbying activities of former government officials. Last August, the subcommittee asked Mr. Seymour to determine whether Mr. Deaver lied when he testified before the panel earlier in the year.

Mr. Deaver was harshly criticized by some on the subcommittee for his role, both as a White House aide and later as a lobbyist for Canada, in the controversial acid-rain issue. Mr. Deaver participated in discussions on acid rain before he left the White House. Then, as a lobbyist for Canada, he met with a presidential appointee who was working on the issue with a Canadian counterpart.

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INDEPENDENT COUNSELS: A SHORT HISTORY

The 1978 Ethics in Government Act, amended in 1982, requires the appointment of a special prosecutor whenever the attorney general determines after preliminary investigation that allegations of misconduct on the part of high-ranking officials are serious enough to warrant further investigation and possible prosecution. Under the 1982 amendments to the act, the term "special prosecutor" was changed to "independent counsel."

The following is a list of those who have headed probes under the law.

Whitney North Seymour Jr.

Appointed in May to investigate allegations of improper lobbying by former White House aide Michael K. Deaver. Seymour, a former U.S. attorney in Manhattan, was charged with examining whether Deaver violated federal conflict-of-interest laws in representing Canada, Puerto Rico and other clients after resigning as White House deputy chief of staff and setting up a consulting firm. The investigation is ongoing.

—Compiled by James Schwartz

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Look Who's Charging Impropriety

If Michael Deaver is right that the Federal independent counsel law is unconstitutional, then he can be prosecuted only by the Justice Department run by his former White House associate, Attorney General Edwin Meese. If Lieut. Col. Oliver North is right on the same question, he too can only be prosecuted by lawyers of the same Attorney General Meese — who has rightly disqualified himself because of a political conflict of interest.

Fortunately, the Government is not so disabled. In all likelihood, the Deaver-North legal challenges to the appointment of special prosecutors in their cases need not long impede the fair investigation of these former Reagan White House operatives.

Both men have already heaped embarrassment on their President — Mr. Deaver by shamelessly exploiting his connections with Ronald Reagan in peddling influence for corporate and foreign clients, Colonel North by spearheading the Iran-contra arms affair. For bringing these lawsuits now, they vie for the Audacity Award of 1987.

Mr. Deaver, it will be recalled, *asked* for a special prosecutor to clear his name when the charges of impropriety arose against him last year. What did he do when Whitney North Seymour Jr., the independent counsel in his case, informed him as a courtesy that he would seek an indictment yesterday? He rushed to sue, trying to block grand jury action, and has won a two-week stay while a judge examines his complaint. Mr. Deaver contends that for a court to appoint a special prosecutor is to invade the powers of the executive branch.

What the grand jurors thought of Mr. Deaver

can be gauged from what Mr. Seymour told the judge yesterday: "The grand jury is going to allege that he lied the very first time he came to them."

Colonel North also complains that he is being investigated unconstitutionally. That's a task for executive branch officials who work for the President and can be dismissed by him, the argument goes. He calls the independent counsel team of Lawrence Walsh a bunch of "private attorneys." This from someone who operated a private, unaccountable government inside the White House.

It's true that Mr. Walsh and Mr. Seymour can't be dismissed except for special cause. But they are duly commissioned public officers operating by court appointment. The Constitution's Article 2, Section 2 allows Congress to vest such appointments not only in the President but also "in the courts of law" if it finds that necessary.

The colonel does not have a constitutional right to be investigated by the people who called him "a national hero" when he was dismissed from the National Security Council staff. Nor may Mr. Deaver shop for a more compliant prosecutor. Congress created special machinery for such conflicts of interest precisely to guard against a repetition of President Nixon's dismissal of the Watergate prosecutor Archibald Cox.

The President and Attorney General may not like the Ethics in Government law, but it is working well. By relieving Administration officials of conspicuous conflicts of interest it protects them, actually preserving some of their fading credibility. Defending the law now is the best way they can help put justice back on its proper course.

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The Methods, Open or Quiet, of Special Counsels

By MARTIN TOLCHIN

Special to The New York Times

WASHINGTON, Sept. 3 — Criminal investigations of high Government officials and former officials pose a problem acknowledged by most prosecutors: How to generate enough publicity to encourage unknown witnesses to come forward without creating a circus atmosphere that jeopardizes the rights of the accused?

This is especially true of independent counsels who have been called in for unusually sensitive investigations of Government officials. More than most investigators, they have always feared that their work could be compromised by disclosures to the press, and as a result they have been circumspect in their dealings with reporters and many others, limiting comments to pleasantries and matters of logistics rather than substance.

But Whitney North Seymour, the independent counsel investigating the lobbying activities of Michael K. Deaver, has gone even further. He has swathed both himself and his office in anonymity, forsaking even a Justice Department listing for an address or telephone number.

Argument Over Lost Leads

As a result, there is some argument over whether Mr. Seymour may be sacrificing valuable leads. What is the point, the critics ask, of being so secretive that informers are unable to come forward with information? If potential witnesses need to reach Mr. Seymour, his supporters reply, they can do it easily enough.

"There are a lot of reasons to give some publicity to your office," said one critic, a former independent counsel who declined to be named. "How do you get information if someone wants to come in off the street? To make yourself completely unavailable is kind of funny."

On the other hand, Mr. Seymour's operation is praised by Jacob A. Stein, the independent counsel appointed in 1984 to investigate the financial dealings of Edwin Meese 3d, who was then White House counselor and is now Attorney General.

They Called the F.B.I.

"To suggest that Whitney North Seymour is doing something to protect himself from getting information is complete nonsense," Mr. Stein said. "I'm a believer in anonymity. I had no press aide. We didn't get any press calls. There were no leaks."

Despite such anonymity, people

were able to track him down, Mr. Stein said, most by checking with the Federal Bureau of Investigation. Their leads, he said, were uniformly useless, "a lot of crackpot information."

Mr. Seymour, a former United States Attorney in Manhattan, was appointed by a Federal court in May to investigate charges of conflict of interest against Mr. Deaver, who was formerly White House deputy chief of staff and is a close friend of President Reagan and his wife, Nancy. Mr. Seymour has convened a grand jury to weigh the charges, as well as additional charges of possible perjury, referred by the Investigations Subcommittee of the House Energy and Commerce Committee, which is also investigating Mr. Deaver.

As for reaching Mr. Seymour, the Justice Department switchboard informs callers. "We have no listing for a Whitney North Seymour Jr. or an independent counsel." Jan McKnew, a Justice Department press aide, says "Try his New York office, 100 Park Avenue."

Nor are Justice Department officials willing to disclose the logistics of the independent counsel's operation, the budget or size of his staff. "I don't think it would be appropriate to discuss that until the investigation is over," said Terri Duggan, administrator to Mr. Seymour.

As it happens, the independent counsel's office occupies Suite 6400 at the Federal Courthouse, behind a sign that says Special Proceedings.

Equally anonymous is the office of Alexia Morrison, a lawyer appointed as independent counsel to investigate charges that Theodore B. Olson, former Assistant Attorney General, gave false testimony to Congress about the Administration's withholding of Environmental Protection Agency documents. Miss Morrison replaced James C. McKay, who resigned the position.

Although Miss Morrison practices in Washington, she is not listed in the telephone book, although her law firm, Swidler & Berlin, is listed. "I'm listed in all the law directories," Miss Morrison said. "I'd be very surprised if someone couldn't reach us."

Mr. Seymour is the sixth independent counsel appointed under the Ethics in Government Act of 1978; the first three were appointed under the title originally devised, special prosecutor. In each of the four completed investigations — only the Deaver and Olson cases are open — the subject was cleared. But although Leon Silverman, the independent counsel, cleared Raymond J. Donovan, former Secretary of Labor, of corruption charges stemming from

his role as a construction company executive, a Bronx grand jury has since indicted Mr. Donovan, who appeared in court in New York Tuesday.

How do independent counsels operate?

While they tend to be very close-mouthed, some insights are available. For example, in the Meese investigation, Mr. Stein recalls he had a staff of five lawyers and "three or four F.B.I. agents." They worked out of six rooms in the 1700 block of H Street.

She Is Administrator

Miss Duggan was his administrator, and, in fact, has headed the office of every independent counsel except Gerald J. Gallinghouse, who investigated charges that Timothy Kraft, President Carter's national campaign manager, had used cocaine on a visit to New Orleans.

Miss Duggan originally worked for Arthur H. Christy, the first independent counsel to be appointed under the 1978 act. Mr. Christy led the investigation of Hamilton Jordan, then White House chief of staff, who was also accused of using cocaine.

His staff, he recalls, included a private investigator, "someone responsible only to me, someone I could send out who didn't have to observe all the rules that the bureau did." He also had one F.B.I. agent, one agent from the Drug Enforcement Administration and three lawyers.

Like Mr. Stein, he says he received "a lot of over-the-transom stuff, but none of any merit." Unlike Mr. Seymour, Mr. Christy gave frequent interviews to the media.

'Believed in an Open Line'

"I've always believed in keeping an open line of communication with the press," he said. "The press knew where I was, and how to get hold of me. They'd leave a message, and I

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would call them back."

Despite this, Mr. Christy said there were no unauthorized disclosures out of his office. "I always considered one of my major accomplishments," he said in describing a trip to the discothèque involved in the case, "getting Hamilton Jordan to National Airport and then to La Guardia, to my office and Studio 54, and back to Washington, and nobody ever knew about it."

"I could have run a circus," Mr. Christy said. "But Mike Seymour and I learned our public service under J. Edward Lumbard, the U.S. Attorney," Mr. Christy said. "We learned that you don't try your cases in the press."

Deaver stays on the offensive

Former Reagan aide fights ethics-prosecutor law

By Glen Elsasser
Chicago Tribune

WASHINGTON—Michael K. Deaver, indicted on charges he lied to a House subcommittee and a federal grand jury about his lobbying activities, plans to continue his challenge of a special prosecutor's legal authority.

The five-count indictment came only hours after the U.S. Supreme Court denied Deaver's appeal seeking to block further grand jury action. Chief Justice William Rehnquist said in a brief order that courts traditionally avoid interfering with ongoing criminal investigations.

Randall Turk, an attorney for

Deaver, said the former White House deputy chief of staff would renew his attack on the independent counsel law when he seeks to dismiss the indictment. For three weeks Deaver's attorneys have argued that the law is unconstitutional, but federal courts here ruled that the issue was "not ripe" for resolution until the indictment was returned.

Deaver is the first person to be indicted under provisions of the 1978 Ethics in Government Act. The law, enacted in response to the Watergate scandal of the early 1970s, provides for the appointment of an independent counsel or special prosecutor to investigate charges of criminal wrongdoing by high-level officials.

At the White House, President Reagan issued a statement expressing the First Family's concern. "Mike Deaver has been our friend for 20 years," the President said. "Nancy and I will keep him and his family in our thoughts during this difficult time. We wish him well."

The indictment capped a 10-month investigation by independent counsel Whitney North Seymour Jr. Deaver, who left the White House in 1985, to start his own public relations firm, denied at a news conference that he had ever perjured himself before Congress or the grand jury.

"In both instances I came

forward voluntarily and testified for hours on end about the minute details of a wide range of activities, both in the White House

and after I started my business," Deaver said. "I am confident that I have not committed any perjury and that I will be acquitted after a trial, if it ever gets to that point."

The first and second counts of the indictment charged Deaver with lying under oath to the House Energy and Commerce investigations panel at a May 16, 1985, session. According to the indictment, the panel was trying to determine whether Deaver had "exploited his former position in the White House to promote or advance" his clients' interests.

In his testimony, Deaver told the subcommittee that he made no efforts "to facilitate" a request by a representative of the president of South Korea for a meeting with Reagan on trade issues. However, the indictment states that Deaver's answers were false because he was then "negotiating a contract for his firm to represent the ... Republic of Korea [through the International Cultural Society of Korea] for an annual fee of \$475,000."

The indictment also lists other actions Deaver took on behalf of the Korean envoy: advising U.S. Ambassador Richard Walker how to arrange for the meeting with Reagan and personally asking then-Vice Adm. John Poindexter of the National Security Council for help.

The second count alleges that Deaver also lied to the subcommittee about other personal contacts he made with White House and NSC staffers about such clients as the investment firm Smith Barney, Harris Upham & Co.; Trans World Airlines; the tobacco manufacturer and food conglomerate Philip Morris Inc.; and two defense contractors, Rockwell International and Boeing.

Each of these perjury counts carries a maximum penalty of \$2,000 and five years imprisonment.

The three remaining counts involve Deaver's grand jury testimony about TWA, his role in acid-rain talks between the U.S. and Canada, and a tax break for companies that open operations in Puerto Rico, another client. Each count provides a maximum fine of \$10,000 and five years imprisonment.

In his testimony, Deaver told the grand jury that he did not recall "any government contact I made on behalf of TWA." However, the third count charges that Deaver contacted Transportation Secretary Elizabeth Dole "in connection with TWA's efforts to block or delay the bid by Carl Icahn to gain control of TWA."

On the same matter, according to the indictment, Deaver also contacted James Burnley, Dole's deputy, and Roger Porter, a special assistant to the President for policy development, in an attempt to involve the Cabinet Council on Economic Policy in blocking or delaying the Icahn takeover attempt.

The fourth count accuses Deaver of lying to the grand jury about his role in White House deliberations on acid rain and U.S. relations with Canada. In his testimony, Deaver, who left the Reagan administration in May, 1985, asserted that he could not recall discussions in the White House on acid rain or the talks on the appointment of a special ambassador to deal with the problem before March, 1985.

The indictment cites several occasions, beginning in December,

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3-20-87

Rise (and fall) of Deaver: 'He had to use his access'

By George Archibald
THE WASHINGTON TIMES

Michael Deaver's indictment Wednesday on perjury charges stemmed from the former White House aide's unwillingness to admit that his lobbying business was built on his longtime ties to President and Mrs. Reagan, according to former colleagues.

Mr. Deaver's almost overnight success in becoming a multimillion-dollar Washington lobbyist after he left the White House in May 1985 "was due to the perception among prospective clients that he could influence government actions by getting to the right people," said a former associate.

"He was selling access."

However, Mr. Deaver's role as a Washington powerbroker was a double-edged sword. If he called on top administration officials with whom he served, to wield influence in behalf of clients, the former White House deputy chief of staff ran the risk of violating carefully crafted conflict-of-interest laws designed to prevent federal officials from cashing in on their government service.

The laws prohibit former high-level government officials from representing clients in contacts with their former agencies for at least one year after leaving office. All former federal employees are barred for life from conducting business with the government on matters in which they had a "personal and substantial" role while in office.

Ultimately, Mr. Deaver's balancing act failed, said former colleagues and friends.

"He had to use his access. In fact, I personally know that he boasted about it to the South Koreans when he was trying to get them as a [\$475,000-a-year] client," said one former associate.

"He was late for one particular meeting [in Seoul]. 'Sorry I'm late. I had to telephone the White House,' he said when he arrived. This impressed them. This is what foreign clients want — someone who can pick up the telephone and get through to the president."

For at least a year, Mr. Deaver has denied he contacted White House officials on behalf of clients.

"If I called up the president of the United States or John Poindexter [former national security adviser] and said I want the B-1 [bomber] over the ATV [the Stealth bomber], then you could throw me in jail," Mr. Deaver said in an interview with The Washington Times on March 21, 1986.

Mr. Deaver's statements a year ago were in response to questions about alleged contacts on behalf of Rockwell International Corp., a client that was then pressing for more government purchases of the B-1.

"I'm not talking to anybody in the White House about anything like that," he said.

Several counts of the perjury indictment handed down this week involve alleged lies by Mr. Deaver before a House committee and a grand jury regarding his contacts with Adm.

Poindexter and four other White House officials in 1985.

Mr. Deaver contacted Adm. Poindexter on Oct. 1, 1985, to ask him to arrange a meeting between Mr. Reagan and Kim Kihwan, a representative of South Korea's president, according to the indictment.

The White House contacts were apparent violations of the one-year cooling-off provision of the ethics law, said sources involved in the investigation. "I don't know why the independent counsel [Whitney North Seymour Jr.] did not seek an indictment for conflict of interest," said one source.

Mr. Deaver is the first top government official to be indicted under the Ethics in Government Act, the source said. "It's uncharted water. It would probably be very difficult to prove [a violation of the lobbying restrictions]. But perjury is not so difficult [to prove]."

During his hourlong interview with The Times a year ago, Mr. Deaver refused to discuss his efforts on behalf of clients or even to confirm that he had contracts with specific major U.S. companies.

"That's my business. I'm not going to talk about my clients," he said.

When pressed on the B-1 issue, Mr. Deaver said that, hypothetically, it would be all right under the conflict-of-interest restrictions to meet with Office of Management and Budget Director James C. Miller. "He's just not part of the White House," Mr. Deaver said.

It was then confirmed and reported by The Times that Mr. Deaver had met with Mr. Miller the previous month and had given the OMB director a list of 16 questions on the B-1 vs. Stealth issue.

During a nine-month probe, Mr. Seymour investigated the B-1 matter, Mr. Deaver's role in brokering the U.S.-Canadian acid rain dispute, and his use of ambassadors — appointed when Mr. Deaver was at the White House — to help obtain foreign clients for his lobbying business.

The independent counsel also investigated the role of two former officials of the U.S. trade representative's office who worked at the Deaver firm as account executives for foreign clients on trade-related matters.

The 18-page indictment, issued Wednesday, charged that Mr. Deaver lied about his contacts with White House and Cabinet officials on behalf of a number of clients, including foreign governments and major corporations.

It charged Mr. Deaver with lying about contacts he had in attempting to help Canada settle its acid rain dispute with the United States and to help Trans World Airlines thwart a takeover bid.

He also was accused of failing to tell the grand jury about contacts with Secretary of State George Shultz and former National Security Adviser Robert McFarlane on behalf of Puerto Rico's bid to retain about \$800 million worth of tax breaks for U.S. businesses investing there.

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Deaver Charged With Perjury In Ethics Case

By ANDY PASZTOR

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—Michael Deaver, former deputy White House chief of staff and a close friend of President Reagan, was indicted on charges of lying to Congress and a federal grand jury about his lobbying work after leaving government service.

The five-count perjury indictment by the grand jury charges that Mr. Deaver, who left the White House in May 1985 to start a high-profile Washington lobbying firm, lied twice while testifying before a congressional subcommittee and three times while testifying before the grand jury, which investigated whether he violated federal conflict-of-interest laws.

The indictment capped Mr. Deaver's unsuccessful, three-week legal battle—which went all the way to the Supreme Court—challenging the constitutionality of the independent counsel who conducted the wide-ranging probe of his business activities. Only hours before, Chief Justice William Rehnquist rejected an emergency request by Mr. Deaver's attorneys to block any indictment.

The courts rejected those constitutional challenges on the ground that they were premature, since Mr. Deaver hadn't been charged with any crime. Mr. Deaver's attorneys now are expected to resume their legal battle by seeking to have the indictment dismissed for many of the same reasons.

The indictment, among other things, charges that Mr. Deaver falsely testified about contacting senior administration officials, including Secretary of State George Shultz, Transportation Secretary Elizabeth Dole and former National Security Advisers John Poindexter and Robert McFarlane, on behalf of corporate clients or foreign governments.

Mr. Deaver, if convicted, faces a maximum of 25 years in prison and up to \$34,000 in fines. He is the first person to face criminal charges stemming from an investigation headed by a court-appointed special prosecutor.

The indictment doesn't include any charges directly related to the original conflict-of-interest allegations that triggered the 10-month investigation, and it doesn't name any business associates or former government officials who joined

Mr. Deaver's lucrative lobbying and public relations firm.

In a statement, Mr. Deaver said that "any inconsistencies between my testimony and the vast array of facts" assembled by independent counsel Whitney

North Seymour Jr. were "totally inadvertent." Asserting that he is "confident" of being cleared, Mr. Deaver said, "I had no reason to lie, because I knew I had done nothing wrong."

In a one-paragraph statement describing

Mr. Deaver as a "friend for twenty years," Mr. Reagan said yesterday, "Nancy and I will keep him and his family in our thoughts during these difficult times."

According to the indictment, Mr. Deaver failed to tell the grand jury about six separate meetings he attended in late 1984 and early 1985 at which the issue of acid rain was discussed, and failed to disclose that "he actively supported" the selection of Drew Lewis as the president's special envoy to seek a compromise with Canada over the controversial issue. As a lobbyist for the Canadian government after leaving the White House, Mr. Deaver later met with Mr. Lewis and "spoke out" to recommend a solution to the problem, according to the Justice Department.

The indictment also alleges that Mr. Deaver failed to tell the grand jury that while representing the brokerage firm Smith Barney, Harris Upham & Co., he "had contacts and conversations with" Mr. Shultz; Craig Fuller, Vice President George Bush's chief of staff; and Mr. McFarlane relating to efforts to retain certain tax provisions favorable to Puerto Rico.

Smith Barney has been a manager of about \$2 billion in Puerto Rican bonds, and has indicated that when it hired Mr. Deaver, one of his main assignments was to retain tax provisions favorable to the commonwealth.

In addition, the indictment alleges that Mr. Deaver falsely told the grand jury, "I don't recall any government contact I made on behalf of TWA (Trans World Airlines)."

When the airline hired Mr. Deaver, the indictment said, he "agreed to contact" and did contact Secretary Dole "in connection with TWA's efforts to block or delay the bid by Carl Icahn to gain control of TWA." To try to block what eventually was a successful takeover bid, according to the indictment, Mr. Deaver also contacted James Burnley, one of Secretary Dole's top deputies, and Roger Porter, special assistant to the president for policy development.

The two other perjury counts involve testimony by Mr. Deaver in May before a House Energy subcommittee, which, among other things, was investigating his lucrative contract with the South Korean government.

"At the very time he (Mr. Deaver) was negotiating" a \$475,000-a-year contract to represent South Korea through a group identified as the International Cultural Society of Korea, according to the indictment, he talked with the U.S. ambassador in Seoul and "personally requested" that Adm. Poindexter "assist in arranging" a

meeting between President Reagan and a senior South Korean official visiting Washington. The indictment said Mr. Deaver failed to disclose those contacts.

The grand jury also accused Mr. Deaver of failing to disclose contacts with five other White House or National Security Council officials on behalf of clients.

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ESSAY

William Safire

Cop Takes a Cop-Out

WASHINGTON

Perhaps you believe that a grand jury, at the urging of a special prosecutor, has indicted Michael Deaver for peddling influence — specifically, for breaking the ethics in government law, which restricts former Government officials from immediately lobbying their ex-colleagues.

You are misled. The independent counsel, Whitney North Seymour Jr., who was charged by a court to investigate Mr. Deaver's lobbying, failed to persuade a grand jury that enough evidence existed to warrant a charge that the ethics law had been broken.

Instead, Mr. Seymour has served up two counts of perjury, along with three lesser counts of "false declaration" to add filler to a thin-gruel indictment.

This means that Mr. Deaver is being accused of lying about a "crime" that he is not accused of committing. If he had refused to testify to the Congress, and if he had exercised his Fifth Amendment rights in the grand jury room, he would be home free, back in business selling access.

Thus, at the worst moment, Mr. Seymour is sending this message to all officials under investigation: Don't help the Government make its case. That message is not lost on Messrs. North, Poindexter and Secord, targets of a more special prosecutor.

Consider what this appointee of an oversightless appeals court panel has failed to do. One year ago next week, these three sentences appeared in this space: "I am told that during a trip to South Korea after leaving the White House, Mr. Deaver called the N.S.C. staff to arrange a meeting between President Reagan and Kim Kihwan, a trade official, president of the Ilhae Foundation. Mr. Deaver's largest client is now South Korea. Says Mr. Deaver about the report of this call: 'I don't remember.'"

Six weeks later, a House committee asked and received the same answer. Two New York Times reporters, Martin Tolchin and Stuart Diamond, traveled to South Korea and developed that lead in damning detail. Months later, the trail cooling, Mr. Seymour's staff corroborated the story, and that is now count No. 1 in the Government's perjury case.

Ten lawyers and four full-time F.B.I. investigators working for 10 months, on an unlimited expense account, and what do we have to show for it? The prosecutor gets a grand jury to confirm the story, and to hold that Mr. Deaver should have remembered. Total outlay needed for that was 60 cents, the price of two editions.

But if that perjury charge is true, the ethics law must have been violated. The job of the prosecutor is to prosecute violation of that specific law. That's what makes him "special." The old perjury statute needs no exercise; it is the new Ethics in Government Act that must be shown to have the teeth needed to deter future influence peddling.

I think Mr. Deaver's defense counsel, Jack Miller, has a good chance of making a monkey out of Mr. Seymour in court, just as Arthur Liman, another legal heavyweight now in Washington, belted the slow-footed Mr. Seymour all over the ring in a recent New York case.

The essence of perjury is the intent to deceive. Merely telling an untruth is not enough for a conviction; a jury must be persuaded that the defendant had good reason to lie and told an untruth with guilty intent.

But if there is no underlying case against Mr. Deaver — if he is not being charged with breaking the ethics law — then what reason would he have to lie?

Put another way, if a grand jury, listening to evidence gathered in 4,200 man-days by a special prosecutor with an ostentatiously unlisted phone, cannot find the basis for a charge of possible commission of a crime — then why on earth would Michael Deaver have to lie about his activities? A convenient forgettery, an inadvertent falsehood, sure — but if there is no crime charged, where is the guilty intent to cover up?

The fancy footwork on the constitutionality of the Ethics in Government Act apparently caused Mr. Seymour to choke up, to play it safe with an indictment only on the periphery and not the heart of the case. But after a wide but not deep investigation (none of Mr. Deaver's dearest friends in the White House were troubled with questions about intercession for clients or useful ambassadorial appointments), the not-so-special prosecutor served the public badly by ignoring his mandate.

Sometimes perjury is the Government's only recourse, as in the Alger Hiss case, but the central charge should never have been avoided in this test of a new law. If there is no case on wrongful dealing with former associates, there should be no case at all.

I don't want to see Mike Deaver convicted for spitting on the sidewalk. I would have liked to see him tried by a top-flight prosecutor for breaking the ethics law.

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The Deaver Case

THE RIGHT DECISION was made in the Michael Deaver case last week. We say that without prejudging the charges against him. The effort of the former deputy White House chief of staff to quash his indictment has been denied. His objection that the law under which he is being prosecuted is constitutionally flawed will now become part of, and perhaps a defect in, the criminal case against him. That seems right to us. Anything else would have stood normal criminal procedure on its head, requiring that the argument precede the charge.

Beset by charges that he was violating conflict-of-interest statutes in his activities when he left the White House employ of President Reagan, Mr. Deaver had asked for the appointment of an independent counsel to look into those accusations. But when it then became clear a few weeks ago that independent counsel Whitney North Seymour Jr. was going to ask a grand jury to indict Mr. Deaver, not for conflict of interest, but rather for perjury during the investigation of those charges, Mr. Deaver went to court challenging the independent counsel statute as a

violation of the separation of powers. The theory was that prosecutors should be creatures of the executive branch and not appointees, as independent counsels are, of the courts.

Mr. Deaver asked the courts to stay his indictment—the first ever by an independent counsel—pending resolution of this constitutional issue. That request for a stay—*and only that*—is what the courts, including Chief Justice William Rehnquist, have now brushed aside. An appeals panel here said it constituted “an impermissible preemptive civil challenge to a criminal proceeding.”

The same panel emphasized it was expressing “no opinion on the merits” of Mr. Deaver’s constitutional argument. That’s for later. Mr. Deaver for his part noted that the indictment “contained not a single conflict-of-interest charge” and denied having lied, as he is accused of having done, in the course of the investigation. “Indeed,” he said, “I had no reason to lie because I knew that I had done nothing wrong.” That is among the issues that will now be fairly weighed.

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Canadian Envoy Provided Answers to Deaver Probe

Statements Led to One Count of Indictment

By Herbert H. Denton
Washington Post Foreign Service

TORONTO, March 19—The Canadian ambassador to the United States, Allan E. Gottlieb, supplied information that provided the basis for one of the five counts of perjury in the indictment in Washington yesterday of former White House deputy chief of staff Michael K. Deaver. The information was supplied in the form of written answers to questions posed by the independent counsel in the Deaver case, Whitney North Seymour Jr.

The unusual procedure was employed to circumvent Canadian anxiety about setting a precedent of waiving diplomatic immunity if Gottlieb and other Canadian diplomats agreed to provide live testimony to the U.S. grand jury that indicted Deaver, according to External Affairs Ministry spokesman Paul D. Frazer. He said he knew of at least two such written exchanges.

The spokesman said in a telephone interview in Ottawa that he did not know what position the Canadian government might take if Gottlieb and other Canadian officials are subpoenaed to testify at a trial.

"I don't want to speculate on what we would do if Deaver is brought to trial," Frazer said.

[In Washington, Philip A. Lacovara, an attorney who was a member of the Watergate special prosecutor's office in the mid-1970s, said that any written statements by Canadian officials would not be admissible if Deaver is tried.

["The accused has a constitutional right to confront the witness against him," Lacovara said. "Normally that means accusatory evidence has to be presented in court through live testimony, subject to cross-examination." He said such rules of evidence do not apply in grand jury proceedings.]

The most detailed section of the 18-page indictment accuses Deaver of lying, both to Congress and the

federal grand jury that investigated him, about his dealings with Canada on the issue of acid rain before he left the White House in May 1985 and took on Canada as one of the clients of his lobbying firm.

Deaver told the grand jury that he did not recall participating in any White House meetings on acid rain until March 6, 1985, and that he played no role in selecting former transportation secretary Drew Lewis as a presidential envoy on the issue. According to the indictment, Deaver took part in six White House meetings on acid rain before March 6, 1985, and "actively supported" the choice of Lewis.

The indictment also accused Deaver of giving false testimony about a January 1985 luncheon discussion of the special envoy idea with Ambassador Gottlieb.

Former aides at the Canadian Embassy have said that Deaver and Gottlieb enjoyed a close friendship.

The criminal investigation by a congressional committee and the special federal grand jury has been embarrassing for the Canadian government. Canadian officials were especially concerned about a report in The Washington Post last year that Canadian officials held discussions with Deaver before he left the White House about working for Canada.

A statement by the External Affairs Ministry today said the indictment had exonerated Canadian officials of any improprieties in their dealings with Deaver.

*Washington Post staff writer
Howard Kurtz contributed to this report.*

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Green Light for Independent Counsels

Constitutional Challenges Won't Disrupt Probes for Now, Experts Say

By Al Kamen
Washington Post Staff Writer

Yesterday's Supreme Court action in the Michael K. Deaver case means that investigations under the independent-counsel law may proceed for the time being without further interruptions due to constitutional challenges, legal experts said.

The action also appears to have strengthened the hand of all independent counsels, enhancing their ability to get recalcitrant witnesses to cooperate or lesser targets to plead guilty.

Chief Justice William H. Rehnquist refused Deaver's request to block his indictment pending resolution of his constitutional challenge. In a brief written comment accompanying his refusal, Rehnquist said that "to succeed on the merits of his claim, [Deaver] must overcome both the traditional rule that a court of equity will not enjoin a criminal prosecution and the presumption that an act of Congress is constitutional."

In effect, Rehnquist said Deaver had to wait at least for his indictment before trying to halt the prosecution.

Legal observers said the action probably will delay resolution of questions over the constitutionality of the law for months and possibly even years.

In the meantime, several experts said, none of those being investigated by five independent counsels, including former national security adviser John M. Poindexter and Lt. Col. Oliver L. North, the fired National Security Council deputy, will be able to block investigations or indictments by challenging the constitutionality of the law establishing the independent counsel.

Randall J. Turk, an attorney for Deaver, said now that the indictment against Deaver has been returned, "we intend to reassert the challenge to seek dismissal of the criminal case" on constitutional grounds.

But experts said yesterday a hearing on a motion to dismiss the

indictment generally is held between 30 and 40 days after arraignment on the charges. If the trial judge, Thomas Penfield Jackson, denies Deaver's request, it is unlikely that Deaver will be able to appeal Jackson's denial before trial.

Jackson already has said that he believes the 1978 Ethics in Government Act, which established the independent counsel, would likely be upheld. But if he dismisses the indictment, then a prompt appeal may be taken in order to resolve the issue.

Justice Department officials will raise "serious reservations" about the constitutionality of the 1978

independent counsel law at a Senate hearing today, according to informed sources. They specifically will challenge the mechanism by which an independent counsel is appointed and can be removed, calling for a greater role for the attorney general in both areas, the sources said.

Under the current law, the independent counsel is appointed by a three-judge appeals court at the request of the attorney general and cannot be removed at will by the president. Critics of the law say that arrangement, mixing judicial and executive branch functions, violates the Constitution's requirement that those powers be kept separate.

Legal experts were not surprised by the swift dismissal of Deaver's arguments, largely because those arguments were considered premature. Washington attorney Alan Morrison, who said he thinks the independent-counsel law is constitutional, said the issue considered so far in Deaver's case was "whether he could do an end-run around the normal criminal procedures" and litigate the issue before his indictment.

The action "more or less removes a cloud" over the constitutionality of the independent counsel, "although there is a minority view that there are constitutional defects," said Benjamin W. Heine-man Jr., a lawyer for the American Bar Association, which supports the constitutionality of the law.

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Deaver Charged With Perjury In Ethics Case

By ANDY PASZTOR

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—Michael Deaver, former deputy White House chief of staff and a close friend of President Reagan, was indicted on charges of lying to Congress and a federal grand jury about his lobbying work after leaving government service.

The five-count perjury indictment by the grand jury charges that Mr. Deaver, who left the White House in May 1985 to start a high-profile Washington lobbying firm, lied twice while testifying before a congressional subcommittee and three times while testifying before the grand jury, which investigated whether he violated federal conflict-of-interest laws.

The indictment capped Mr. Deaver's unsuccessful, three-week legal battle—which went all the way to the Supreme Court—challenging the constitutionality of the independent counsel who conducted the wide-ranging probe of his business activities. Only hours before, Chief Justice William Rehnquist rejected an emergency request by Mr. Deaver's attorneys to block any indictment.

The courts rejected those constitutional challenges on the ground that they were premature, since Mr. Deaver hadn't been charged with any crime. Mr. Deaver's attorneys now are expected to resume their legal battle by seeking to have the indictment dismissed for many of the same reasons.

The indictment, among other things, charges that Mr. Deaver falsely testified about contacting senior administration officials, including Secretary of State George Shultz, Transportation Secretary Elizabeth Dole and former National Security Advisers John Poindexter and Robert McFarlane, on behalf of corporate clients or foreign governments.

Mr. Deaver, if convicted, faces a maximum of 25 years in prison and up to \$34,000 in fines. He is the first person to face criminal charges stemming from an investigation headed by a court-appointed special prosecutor.

The indictment doesn't include any charges directly related to the original conflict-of-interest allegations that triggered the 10-month investigation, and it doesn't name any business associates or former government officials who joined

Mr. Deaver's lucrative lobbying and public relations firm.

In a statement, Mr. Deaver said that "any inconsistencies between my testimony and the vast array of facts" assembled by independent counsel Whitney

North Seymour Jr. were "totally inadvertent." Asserting that he is "confident" of being cleared, Mr. Deaver said, "I had no reason to lie, because I knew I had done nothing wrong."

In a one-paragraph statement describing

Mr. Deaver as a "friend for twenty years," Mr. Reagan said yesterday, "Nancy and I will keep him and his family in our thoughts during these difficult times."

According to the indictment, Mr. Deaver failed to tell the grand jury about six separate meetings he attended in late 1984 and early 1985 at which the issue of acid rain was discussed, and failed to disclose that "he actively supported" the selection of Drew Lewis as the president's special envoy to seek a compromise with Canada over the controversial issue. As a lobbyist for the Canadian government after leaving the White House, Mr. Deaver later met with Mr. Lewis and "spoke out" to recommend a solution to the problem, according to the Justice Department.

The indictment also alleges that Mr. Deaver failed to tell the grand jury that while representing the brokerage firm Smith Barney, Harris Upham & Co., he "had contacts and conversations with" Mr. Shultz; Craig Fuller, Vice President George Bush's chief of staff; and Mr. McFarlane relating to efforts to retain certain tax provisions favorable to Puerto Rico.

Smith Barney has been a manager of about \$2 billion in Puerto Rican bonds, and has indicated that when it hired Mr. Deaver, one of his main assignments was to retain tax provisions favorable to the commonwealth.

In addition, the indictment alleges that Mr. Deaver falsely told the grand jury, "I don't recall any government contact I made on behalf of TWA (Trans World Airlines)."

When the airline hired Mr. Deaver, the indictment said, he "agreed to contact" and did contact Secretary Dole "in connection with TWA's efforts to block or delay the bid by Carl Icahn to gain control of TWA." To try to block what eventually was a successful takeover bid, according to the indictment, Mr. Deaver also contacted James Burnley, one of Secretary Dole's top deputies, and Roger Porter, special assistant to the president for policy development.

The two other perjury counts involve testimony by Mr. Deaver in May before a House Energy subcommittee, which, among other things, was investigating his lucrative contract with the South Korean government.

"At the very time he (Mr. Deaver) was negotiating" a \$475,000-a-year contract to represent South Korea through a group identified as the International Cultural Society of Korea, according to the indictment, he talked with the U.S. ambassador in Seoul and "personally requested" that Adm. Poindexter "assist in arranging" a

meeting between President Reagan and a senior South Korean official visiting Washington. The indictment said Mr. Deaver failed to disclose those contacts.

The grand jury also accused Mr. Deaver of failing to disclose contacts with five other White House or National Security Council officials on behalf of clients.

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volve the Cabinet Council on Economic Policy in blocking or delaying the Icahn takeover bid." Although Deaver testified that he did not know what work he was to perform for TWA other than "strategic planning," the indictment said he had agreed to contact Dole about the takeover attempt.

A fourth count involved Deaver's testimony that he had limited involvement in the U.S.-Canadian dispute over acid rain pollution while serving in the White House. Deaver falsely testified that he did not recall being in any White House meeting on acid rain until March 6, 1985, and that he did not recall any discussion of naming a special presidential envoy on acid rain until that meeting, the indictment said. Deaver later signed a \$105,000-a-year contract with the Canadian government.

Deaver also testified that he had no role in selecting former transportation secretary Drew Lewis as the acid rain envoy and that he did not "recall having any conversation with Mr. Lewis about that."

According to the indictment, Deaver participated in six White House meetings on acid rain before the March 6 session and "actively supported the idea of appointing a special envoy from the moment the idea was first proposed on Dec. 17, 1984; he actively supported the president's selection of Drew Lewis; and he personally spoke to Mr. Lewis by telephone on the same day the president asked Lewis to serve in that post."

Deaver falsely testified that after checking his schedules he did not recall having lunch in January 1985 with Allan Gottlieb, the Canadian ambassador to Washington, the indictment said. Deaver also lied when he said he did not recall telling Gottlieb that he had discussed the special envoy idea with Secretary of State Shultz and that Shultz had no objection, according to the indictment.

The final perjury count involved

Deaver's lobbying to preserve tax benefits for U.S. companies in Puerto Rico on behalf of a brokerage house that does business on the island.

Asked if he had discussed the tax issue with any federal officials other than Treasury Secretary James A. Baker III, his former boss at the White House, Deaver testified: "I don't recall any such discussions."

According to the indictment, Deaver contacted Shultz, former national security adviser McFarlane and Craig Fuller, chief of staff to Vice President Bush, about the Puerto Rican tax benefits.

Deaver is to be arraigned March 26 before U.S. District Court Judge Thomas Penfield Jackson.

Senior Reagan administration officials indicted previously include: former deputy defense secretary Paul Thayer, who pleaded guilty to perjury in an insider-trading stock case; former Environmental Protection Agency assistant administrator Rita M. Lavelle, convicted of perjury and obstruction of justice; former labor secretary Raymond J. Donovan, on trial on fraud charges involving a New York subway contract, and former NASA administrator James M. Beggs, awaiting trial in a defense fraud trial involving General Dynamics Corp.

Former assistant Navy secretary George Sawyer was acquitted of conflict-of-interest charges, and former White House aide Thomas Reed was acquitted of insider-trading charges.

U.S. Indicts Deaver On Perjury Charges

Lying About Lobbying Contacts Is Alleged

By Howard Kurtz
Washington Post Staff Writer

Former White House aide Michael K. Deaver was indicted yesterday for allegedly lying about his lobbying contacts with more than a dozen top Reagan administration officials, including Secretary of State George P. Shultz, Transportation Secretary Elizabeth Hanford Dole and former national security advisers John M. Poindexter and Robert C. McFarlane.

In a five-count indictment returned by a federal grand jury here, Deaver was accused of perjury in testifying about his lobbying activities on behalf of South Korea, Canada, Puerto Rico, Trans World Airlines and three other American companies. The perjury took place last May before a House subcommittee and last June before the grand jury, the indictment said.

In one previously undisclosed incident, Deaver lobbied Dole, Deputy Transportation Secretary James H. Burnley IV and a special assistant to President Reagan in an attempt to block or delay investor Carl Icahn's bid to take over TWA, according to the indictment. It said Deaver also lied about setting up an appointment with Reagan for a South Korean official while the lobbyist was negotiating a \$475,000-a-year contract with that country.

The indictment was returned after Chief Justice William H. Rehnquist refused to grant Deaver an emergency order barring Whitney North Seymour Jr., the independent counsel in the case, from asking the grand jury to vote on the perjury charges. This marked the end of an unusual legal challenge in which Deaver delayed any indictment for 22 days by twice obtaining temporary court orders that blocked further action while Deaver challenged Seymour's status as a court-appointed prosecutor.

Deaver, one of Reagan's closest advisers for more than 20 years, is the first person to be indicted in nine investigations by independent counsels appointed under the 1978 Ethics in Government Act. He is

the seventh senior administration official to be indicted since Reagan took office.

In a statement, Deaver said the indictment "contained not a single conflict-of-interest charge . . . I am confident that I have not committed any perjury and that I will be acquitted after a trial, if it ever gets to that point."

Deaver said his testimony had been "truthful and correct . . . to the best of my recollection and belief. Indeed, I had no reason to lie because I knew I had done nothing wrong. To the extent that there may have been any inconsistencies between my testimony and the vast array of facts developed during Mr. Seymour's investigation, it was totally inadvertent."

Seymour would not talk to reporters yesterday. It is not known why he did not seek to charge Deaver with violating conflict-of-interest laws by lobbying White House officials within one year of leaving his White House post. [Related story on Page A21.]

After resigning as White House deputy chief of staff in May 1985, Deaver built a Washington lobbying firm that obtained more than \$2 million a year in fees from foreign and domestic clients, all but two of whom have since dropped the firm.

According to the indictment, Deaver lied under oath to a House investigations subcommittee headed by Rep. John D. Dingell (D-Mich.) by denying that he tried to set up an appointment with Reagan for Kim Kihwan, an emissary from the South Korean government.

The indictment said Deaver personally helped arrange the Kihwan visit while negotiating a consulting contract with Korea through the International Cultural Society of Korea.

"Deaver suggested that a personal visit be arranged to deliver a letter concerning trade issues from the president of Korea to the president of the United States; the Deaver firm suggested language to be incorporated in such a letter; [and] defendant Deaver advised U.S. Ambassador Richard Walker

how to arrange for Kim Kihwan to meet with the president," the indictment said.

Moreover, the indictment said, when Deaver learned in October 1985 that the meeting with Reagan had not been scheduled, he "personally requested" Poindexter "to assist in arranging for the meeting to take place, which was then accomplished."

Deaver also was charged with lying to the Dingell subcommittee when he said that, other than a few lobbying contacts Deaver had mentioned, he "didn't ever talk to anybody in the West Wing of the White House" and could not "recall any other contacts with the NSC [National Security Council]."

The indictment said Deaver had contacted Poindexter and NSC staffer Gaston Sigur on behalf of Korea; McFarlane and Stephen Danzansky of the NSC on behalf of Puerto Rico; William Martin of the NSC on behalf of Philip Morris, and Gerald M. May of the NSC on behalf of Rockwell International.

In addition, Deaver contacted Roger Porter, special assistant to the president, on behalf of TWA, and Dennis Thomas, a deputy to the White House chief of staff, on behalf of Boeing Co., the indictment said.

The other three counts involved lying to the grand jury. Deaver told the grand jury that TWA became his first client weeks after he left the White House, while the company was locked in a takeover battle with investor Icahn.

Asked if he contacted any government officials for TWA, Deaver said: "I don't recall any government contact I made on behalf of TWA."

But the indictment said that Deaver had contacted Dole; her deputy, Burnley, and White House aide Porter "in an attempt to in-

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ernment officials from lobbying the White House on any matter for a year after leaving government service; bar them from lobbying any department of the government for two years on an issue in which they had direct responsibility; and which impose a lifetime ban on lobbying on issues in which an official participated personally and substantially.

Deaver is indicted for lying

Ex-White House aide named on five counts

By FRANK VAN RIPER

News Washington Bureau

WASHINGTON—Michael K. Deaver, who left his top White House post to become a high-priced Washington lobbyist, was indicted yesterday on five counts of lying to Congress and a federal grand jury about whether he used his White House connections to illegally promote his lobbying business.

It was the first time anyone had been indicted under the Watergate-inspired 1978 law authorizing independent investigations of top government officials. Deaver had gone all the way to the Supreme Court seeking to avoid indictment, on grounds that the special prosecutor law under which he was charged was unconstitutional. Yesterday afternoon, Chief Justice William H. Rehnquist, rejected the emergency request for a hearing filed by Deaver's lawyers, thereby clearing the way for independent counsel Whitney North Seymour Jr.

to seek federal charges against the 48-year-old Deaver.

2 perjury counts

An 18-page indictment charges the former White House deputy chief of staff with two counts of perjury and three counts of making false declarations to the grand jury. The panel returned no charges stemming from the original conflict of interest allegations that triggered the federal inquiry into Deaver's private activities.

Last night, Deaver, who faces up to 25 years in jail if convicted, declared in a statement to reporters: "I had no reason to lie because I had done nothing wrong."

Noting that the independent counsel has had 10 months to make a case against him on conflict of interest charges, Deaver said: "The indictment that was returned today, which contained not a single conflict of interest charge, confirms that these allegations were groundless."

At the White House, President Reagan issued a statement on behalf of himself and his wife saying that "Mike Deaver has been our friend for 20 years. Nancy and I will keep him and his family in

our thoughts during these difficult times. We wish him well."

Deaver's alleged perjury before Congress came May 16 of last year when he testified before the House Energy and Commerce subcommittee about contacts he had with former administration colleagues on behalf of several clients that had retained him as their lobbyist. The alleged lies to the grand jury occurred June 20.

Deaver, the indictment charged, "did unlawfully, willfully and knowingly, and contrary to his oath, make false material declarations" to the grand jury.

Faces fines, too

If convicted on all counts, Deaver could face not only a maximum 25 years in jail but up to \$34,000 in fines as well.

After leaving his \$72,000-a-year White House post in May 1985, Deaver turned down a \$300,000-a-year post with one local public relations firm to hang out his shingle as head of his own lobbying firm, Michael K. Deaver and Associates. At the time, he seemed to have it all—stretch limos at his disposal, plush Georgetown offices and clients beating down his door. Deaver

even made the cover of Time: a photo by onetime White House photographer Michael Evans showing Deaver ensconced in one of his limos, talking on the phone, presumably to a Washington biggie.

But federal probers—as well as a frowning Chairman John Dingell (D-Mich.) of the energy subcommittee—charged that Deaver had come too far too fast. Specifically, it was alleged that, in pursuing his new career—and the megabucks that went with it—Deaver had violated federal conflict-of-interest laws that bar former top gov-

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1984.

The last count accused Mr. Deaver of lying when he denied speaking to anyone outside the Treasury Department in his representation of Smith Barney, which was seeking tax breaks for the Government of Puerto Rico.

In fact, the indictment said, Mr. Deaver had discussed the Puerto Rico case with Secretary of State George P. Shultz; Craig Fuller, the Vice Presidential chief of staff, and Robert McFarlane, the former national security adviser.

Success of Deaver's Business

Mr. Deaver's public relations and lobbying concern in Washington, Michael K. Deaver & Associates, was enormously successful, attracting powerful clients who paid millions of dollars in fees to take advantage of Mr. Deaver's access to the Reagan Administration.

At the same time, however, Mr. Deaver's activities brought extensive publicity that portrayed him as having cashed in on his relationship with Mr. and Mrs. Reagan.

His lobbying came under attack on Capitol Hill; the furor led Mr. Deaver, and then the Justice Department, to request appointment of a special prosecutor.

In appearance outside his office building today, Mr. Deaver appeared angry and forceful, although slightly nervous.

"An independent counsel was appointed to investigate allegations that I had violated the conflict-of-interest laws," he said. "The indictment that was returned today, which contained not a single conflict-of-interest charge, confirms that these allegations were groundless."

Mr. Deaver noted that he had appeared before Congress and the grand jury voluntarily. He said he "testified for hours on end about the minute details of a wide range of activities both in the White House and after I started my business."

"I am confident that I have not committed any perjury and that I will be acquitted after a trial, if it ever gets to that point."

DEAVER IS INDICTED BY U.S. GRAND JURY ON PERJURY COUNTS

KEY ADVISER TO REAGANS

Ex-White House Aide Accused of Lying About Lobbying to Congress and Jurors

By PHILIP SHENON

Special to The New York Times

WASHINGTON, March 18 — Michael K. Deaver, who left the White House to form a multimillion-dollar lobbying business, was indicted by a Federal grand jury today on charges that he lied to the panel and to Congress about his lobbying activities.

The indictment, which had been expected, was returned only hours after Chief Justice William H. Rehnquist rejected Mr. Deaver's last-minute request to block it, noting that courts have traditionally been unwilling to interfere with criminal investigations.

The five-count perjury indictment of Mr. Deaver, a close friend of President Reagan's who has remained a key adviser to Mr. Reagan and his wife, Nancy, followed a nine-month investigation by the court-appointed special prosecutor in the case, Whitney North Seymour Jr.

Law Enacted in 1978

Mr. Deaver, the former deputy White House chief of staff, became the first person indicted under the provisions of the Ethics in Government Act of 1978 allowing for the appointment of special prosecutors, formally known as the independent counsel.

After the indictment today, Mr. Deaver, in a short appearance before reporters outside the lobby of the Georgetown building that houses his office, read a typed statement denying that he had committed perjury.

In response to the indictment, President Reagan issued a three sentence statement: "Mike Deaver has been our friend for 20 years. Nancy and I will keep him and his family in our thoughts during these difficult times. We wish him well."

Last month, Mr. Deaver, who had earlier requested a special prosecutor in the case, tried to block the indictment through a lawsuit charging that the law was unconstitutional because it infringed on the law enforcement responsibilities of the executive branch.

The investigation leading to the indictment was prompted by allegations

that Mr. Deaver, who formed his lobbying concern after leaving the White House in 1985, had violated Federal ethics laws that restrict lobbying by those who held top positions in the Government.

Ultimately Mr. Deaver was not charged with violations of those laws. Instead he was accused today of lying under oath when queried about his lobbying activities by the Federal grand jury in Washington and by a Congressional subcommittee.

Under the ethics laws, former high-ranking officials are forbidden to lobby their old agencies on any matter for a year after leaving; to lobby any department for two years on an issue in which they had direct responsibility, or ever to lobby on issues in which they participated "personally and substantially."

He was charged with lying in his answers about his involvement the governments of Canada and South Korea as well as two private concerns, Trans World Airlines and Smith Barney Harris Upham & Company.

'My Testimony Was Truthful'

"My testimony was truthful and correct on all of these subjects to the best of my recollection and beliefs," Mr. Deaver said. "To the extent that there may have been inconsistencies between my testimony and the vast array of facts developed during Mr. Seymour's investigation, it was totally inadvertent."

According to the 18-page indictment, Mr. Deaver perjured himself twice while testifying before a House Energy and Commerce subcommittee last May and three times while testifying before the grand jury in June.

One count charged that in his Congressional testimony, Mr. Deaver lied when he denied having contacted anyone in the West Wing of the White House regarding his lobbying activities.

In fact, the indictment said, Mr. Deaver contacted at least four West Wing officials, including then Vice Adm. John M. Poindexter, the former national security adviser, on behalf of the International Cultural Society of Korea, one of Mr. Deaver's clients.

The indictment also charged that in his appearance before the grand jury in June, Mr. Deaver perjured himself when he denied contacting any Government official on behalf of T.W.A.

In fact, the indictment said, Mr. Deaver contacted Transportation Secretary Elizabeth Hanford Dole and her deputy, James Burnley, on behalf of the airline in its efforts to block a hostile takeover by Carl Icahn, the New York financier.

Maximum Sentence of 25 Years

If convicted on all counts, Mr. Deaver could be sentenced to a maximum prison sentence of 25 years and a fine of \$10,000.

Legal experts have cautioned, however, that perjury is difficult to prove and that Mr. Seymour might have trouble demonstrating that Mr. Deaver intentionally misled Congress and the grand jury.

The special prosecutor law, which was passed in the wake of the Water-

gate scandals, mandates appointment of special prosecutors, when senior Government officials are accused of wrongdoing.

After Deaver challenged the constitutionality of that law, a Federal court judge ruled that the suit was premature and that the law was probably constitutional. The decision was appealed to the Court of Appeals for the District of Columbia, which did not address the constitutional questions but dismissed the lawsuit.

On Tuesday, Mr. Deaver's lawyer asked Chief Justice Rehnquist to delay the grand jury's action.

In a two-sentence statement today, the Chief Justice refused to block the indictment.

"Applicant must overcome both the traditional rule that a court of equity will not enjoin a criminal prosecution and the presumption that an act of Congress is constitutional," the Justice wrote. "I am not satisfied that applicant has met this burden."

The indictment charged three other instances of perjury by Mr. Deaver.

According to the indictment, Mr. Deaver lied when he told the House subcommittee last May that he had done nothing to assist a representative of the Korean Government in obtaining a 1985 meeting with Mr. Reagan to deliver a letter on trade issues.

In fact, the indictment said, Mr. Deaver's firm was intimately involved in arranging the meeting, suggested language for the letter and advised the American Ambassador to South Korea, Richard Walker, on how to organize an audience with the President.

The indictment noted that the arrangements were made at the time that Mr. Deaver was negotiating a \$475,000-a-year consulting arrangement with the South Korean Government.

Another count charged Mr. Deaver with perjuring himself in the grand jury when he said that he had not participated in any White House discussion of acid rain until March 6, 1985.

Canada eventually became a client of the Deaver firm, which was asked to represent Ottawa on questions involving the pollution problem.

The indictment said that Mr. Deaver had attended six White House meetings "when the acid-rain question was discussed" before March 6. The earliest of the meetings, it said, was on Dec. 11,

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Date 3-19-87

Deaver Pleads Not Guilty to U.S. Perjury Charges

By MARTIN TOLCHIN

Special to The New York Times

WASHINGTON, March 26 — Michael K. Deaver, who left the White House to form a lobbying concern, pleaded not guilty to perjury charges today at his arraignment in Federal District Court.

Judge Thomas Penfield Jackson set the trial for June 8.

Mr. Deaver, the former White House deputy chief of staff, is to be the first person tried under the Ethics In Government Act of 1978, which authorized the appointment of a special prosecutor when a top official is accused of wrongdoing.

Mr. Deaver, who was released today on his own recognizance, took a taxi to the field office of the Federal Bureau of Investigation, where he was photographed and fingerprinted, according to his attorney.

Indicted on March 18

Mr. Deaver was indicted March 18 on five counts of perjury that charged him with lying to both a grand jury and Congress, in connection with investigations of alleged violations of laws prohibiting conflicts of interest.

Mr. Deaver and his attorney, Herbert J. Miller, stood before Judge Jackson at the arraignment, which took three minutes. "How do you plead?" the judge asked.

"I am not guilty, your honor," Mr. Deaver replied in a firm, strong voice.

The judge said, "Defendant is to be released on his personal recognizance, with no conditions, unless there is objection from the Government."

"No objection," said Whitney North Seymour Jr., the court-appointed special prosecutor.

Mr. Deaver left the courtroom in a brisk stride, shaking hands with reporters and telling each of them, "It's nice to see you."

"I have no comment to make this morning," Mr. Deaver said before leaving in a taxi.

Judge Jackson, who will preside over the trial, set April 20 for hearing defense motions. The judge was appointed to the court by President Reagan in 1982.

Constitutional Challenge

Mr. Miller said that he would renew a challenge by Mr. Deaver to the constitutionality of the law establishing the special prosecutor, with the official title of independent counsel. Randall J. Turk, Mr. Deaver's co-counsel, said Mr. Deaver would also contest the indictment on numerous other grounds.

Mr. Deaver had sought unsuccessfully to block his indictment by contending that the law violated the constitutional doctrine of separation of powers because it gave the court-appointed special prosecutor powers vested in the executive branch. Judge Jackson held March 11 that "the constitutionality of the act will likely be up-

held," rejecting Mr. Deaver's effort to block the indictment. The judge also found Mr. Deaver's motion premature, adding, "Once indicted, he may move to dismiss the charges prior to trial."

Judge Jackson was subsequently upheld by the United States Court of Appeals for the District of Columbia, and the indictment was returned hours after Chief Justice William H. Rehnquist rejected Mr. Deaver's last-minute effort to block it, noting that courts had traditionally been unwilling to interfere with criminal investigations.

Ethics Law Bars Contacts

The 1978 law bars senior Federal officials from lobbying anyone at their former agencies within one year after leaving the Government and from lobbying any department within two years on an issue in which they had direct responsibility. The law carries a lifetime ban against lobbying their former agencies on any matter in which they were "personally and substantially" involved while working for the government.

Legal experts consider the law vague, and note that those who seek to exert political influence seldom leave traces of their activities. Moreover, in the case of Mr. Deaver, although he has acknowledged lobbying officials in the Office of Management and Budget and the National Security Council, the White House has maintained that those offices were separate and distinct from the White House for lobbying purposes.

Two of the counts against Mr. Deaver charge that he lied to a House Energy and Commerce subcommittee investigating the conflict-of-interest charges. One count charges that Mr. Deaver lied when he said that he had done nothing to assist a representative of the Korean Government in obtaining a 1985 meeting with Mr. Reagan to deliver a letter on trade issues. A second count charged that he lied when he denied contacting anyone in the West Wing of the White House regarding his lobbying.

The indictment also charged that he lied in his appearance before the grand jury last June when he said he had not participated in any White House discussion of acid rain until March 6, 1985. The indictment also charged that Mr. Deaver perjured himself when he denied making contact with any Government official on behalf of Trans World Airlines. The last count accused Mr. Deaver of lying when he denied speaking to anyone outside the Treasury Department in his representation of Smith Barney, which was seeking tax breaks for the Government of Puerto Rico.

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Deaver Pleads Not Guilty

June Jury Trial Set On Perjury Charges

By Howard Kurtz
Washington Post Staff Writer

Former White House aide Michael K. Deaver appeared briefly before a federal judge yesterday and pleaded not guilty to charges that he lied to investigators about his lobbying.

After being fingerprinted and photographed, Deaver was arraigned on the perjury charges before U.S. District Court Judge Thomas Penfield Jackson. "I'm not guilty, your honor," the former White House deputy chief of staff said.

Jackson granted Deaver's request for a jury trial on the five-count indictment, returned last week, charging that Deaver lied to a House subcommittee and a grand jury about his lobbying efforts since leaving the White House in May 1985. Jackson gave Deaver's lawyers until April 20 to file pretrial motions in the case and set a tentative trial date of June 8.

If convicted, Deaver could face a 25-year prison term and \$34,000 in fines. The judge released Deaver on his personal recognizance after independent counsel Whitney North Seymour Jr. lodged no objection.

Deaver had to fight his way through a sea of unruly camera crews and flashing cameras after the arraignment.

The longtime confidante of the president and Nancy Reagan was surrounded as he made his way from the courthouse, refusing comment. The crush of camera crews

was so fierce that it separated Deaver from one of his lawyers, Herbert J. Miller Jr., who was left behind as Deaver forced his way into a taxi.

Another Deaver attorney, Randall J. Turk, said later that Deaver will renew his constitutional challenge to Seymour's status as a court-appointed prosecutor.

Deaver tried to block the indictment, and delayed it for 22 days, with a lawsuit charging that, under the separation of powers doctrine, only the executive branch may appoint prosecutors. Seymour was appointed by a three-judge panel.

Jackson, who had rejected Deaver's request for a preliminary injunction, said yesterday that he expects to rule on the constitutional challenge before the criminal case goes forward. Jackson refused to grant Deaver's original request on procedural grounds but said it is likely that the independent counsel provisions of the 1978 Ethics in Government Act will be upheld as constitutional.

Deaver's bid was eventually turned down by a federal appeals court and Chief Justice William H. Rehnquist.

"Everyone said it was premature and to wait for an indictment, and we've got one now, so we're going to go forward," Turk said. "It's likely we will be filing a variety of motions to dismiss the indictment or a number of counts."

After a 10-month investigation, Deaver was charged with lying about his lobbying contacts with senior Reagan administration offi-

cials on behalf of Canada, South Korea, Puerto Rico, Trans World Airlines and other American companies.

Sources said Deaver may seek to have some of the perjury counts dismissed for insufficient evidence.

For example, according to the indictment, Deaver told the grand jury he did not recall discussing the U.S.-Canadian acid rain controversy as a White House official until a March 6, 1985 meeting. The indictment said this was false and that Deaver participated in White House meetings on acid rain on Dec. 11 and 17, 1984 and on Jan. 5, Jan. 31, Feb. 28 and March 2, 1985.

But sources said that Deaver supplied those meeting dates in his grand jury testimony, adding that he did not recall discussing acid rain at those meetings. This part of the testimony was omitted in the summary provided in the indictment, which cited Deaver's participation in the six sessions to support the perjury charge.

After leaving the White House, Deaver signed a \$105,000-a-year contract to represent Canada on acid rain.

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Deaver Acts to Upset Indictment, Depicting Prosecutor as Vindictive

By PHILIP SHENON
Special to The New York Times

WASHINGTON, April 20 — Michael K. Deaver, the former White House aide indicted on charges of perjury, today accused the special prosecutor in his case of "prosecutorial vindictiveness" and of intentionally distorting truthful testimony.

As part of a package of court motions intended to overturn the indictment, Mr. Deaver suggested that the special prosecutor, Whitney North Seymour Jr., had added a fifth perjury count to the indictment because he was angry over a court challenge to his authority.

Last February Mr. Seymour said publicly that he planned to seek a four-count perjury indictment against Mr. Deaver, who has been accused of lying under oath to Congress and to a grand jury about his lobbying activities after leaving the White House.

Mr. Deaver then filed suit, challenging Mr. Seymour's constitutional authority in the case. When the suit was dismissed last month, a Federal grand jury brought an indictment against Mr. Deaver, the former White House chief of staff, accusing him of five counts of perjury.

Move to Dismiss Charge

"Mr. Seymour thus 'upped the ante' against Mr. Deaver after Mr. Deaver exercised his legal rights to challenge the propriety of Mr. Seymour's investigation," Mr. Deaver's lawyers said in a court motion requesting the dismissal of the fifth perjury count.

The decision to include the extra count, the motion said, "raises the unseemly specter of prosecutorial vindictiveness and requires the vindictively added count to be dismissed by this court."

Mr. Seymour has not disclosed why he added the fifth perjury count and would not answer questions today. Prosecutors have not disclosed which of the five counts was added at the end of the investigation.

Mr. Deaver is scheduled to go on trial in Federal District Court here in June.

In the series of court motions today, Mr. Deaver asked that the trial be moved out of Washington because of prejudicial pretrial publicity.

Another motion reasserted Mr. Deaver's challenge to the constitutionality of the inquiry by Mr. Seymour. The inquiry by a court-appointed special prosecutor, he said, infringed on the law-enforcement powers vested in the executive branch by the Constitution.

Mr. Deaver also charged in the court papers that Mr. Seymour had deliberately omitted references to truthful statements that Mr. Deaver made about his role in White House policy on Canada and the issue of acid rain.

In the indictment, Mr. Deaver was accused of lying to the grand jury when he denied discussing the acid rain issue until a meeting at the White House on

March 6, 1985. The indictment said Mr. Deaver attended six White House meetings before that date at which acid rain was discussed.

In fact, the defense motion said, Mr. Deaver "did not deny that acid rain was discussed on those occasions. He merely testified that if it was, he had no recollection of the discussion or of having participated in it."

Distortion of Testimony Charged

Yet this portion of Mr. Deaver's testimony was not mentioned in the indictment. The defense motion today charged that Mr. Seymour had made unfair and incomplete use of Mr. Deaver's testimony. This "calculated omission," it said, "constitutes an impermissible distortion of the true nature and extent of his testimony on those subjects." It added, "There is no perjury if answers claimed to be false were taken out of context."

In other motions, the defense lawyers contended that Mr. Seymour's investigation went beyond the mandate set by the three-judge panel that selected him last year.

Charges in the indictment that Mr. Deaver made false statements about lobbying for Trans World Airlines and the Government of South Korea were not covered in the court mandate, the lawyers said.

Mr. Deaver, who has pleaded not guilty, came under investigation by the grand jury because of allegations that he had violated Federal ethics laws that limit lobbying activities by former Government officials. He was never charged with violations of those laws. Instead, he was accused of lying about his lobbying business.

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Deaver Asks Dismissal Of Perjury Indictment

Prosecutor Is Accused of 'Vindictiveness'

By Howard Kurtz
Washington Post Staff Writer

Former White House aide Michael K. Deaver, asking a federal court to dismiss a perjury indictment against him, yesterday accused independent counsel Whitney North Seymour Jr. of "prosecutorial vindictiveness."

Attorneys for Deaver, in a spate of motions filed with U.S. District Court Judge Thomas Penfield Jackson, said that Seymour had distorted Deaver's grand jury testimony. They also attacked his appointment as unconstitutional and asked that the trial be moved from Washington because of what they called prejudicial pretrial publicity.

Deaver, a longtime friend of President Reagan, was indicted last month for allegedly lying to a grand jury and a House subcommittee about his lobbying activities since leaving the White House in 1985.

Deaver renewed his constitutional challenge to Seymour's appointment by a three-judge court under the 1978 Ethics in Government Act. His attorneys, Herbert J. Miller Jr. and Randall J. Turk, said the indictment should be thrown out because Seymour's appointment violates the separation-of-powers doctrine.

Deaver delayed the indictment for 22 days by challenging Seymour's appointment. A series of court rulings, culminating in a decision by Chief Justice William H. Rehnquist, held that Deaver was premature in pressing the case before indictment.

Deaver's lawyers alleged "prosecutorial vindictiveness" because Seymour said in court in February that he had prepared a four-count perjury indictment against Deaver, then sought a fifth count after Deaver's legal challenge.

"Mr. Seymour thus 'upped the ante' against Mr. Deaver after Mr. Deaver exercised his legal rights to challenge the propriety of Mr. Seymour's investigation," the lawyers said.

Seymour was also alleged to have used misleading excerpts of Deaver's testimony about his White House involvement on acid rain, an issue on which Deaver later became a lobbyist for Canada. The indictment said Deaver falsely testified that he did not recall being in any White House meeting on acid rain before March 6, 1985, and did not recall any discussion of naming a special presidential envoy on acid rain until that meeting.

In omitted portions of the grand jury testimony, Deaver volunteered the dates of meetings he attended where acid rain or the special envoy may have been discussed, the lawyers said. "He merely testified that if it was, he had no recollection of the discussion or of having participated in it," they said.

For example, the lawyers cited an exchange in which Deaver was asked whether two senior Canadian officials had discussed acid rain with him during a December 1984 White House meeting. "They could have," Deaver testified. "I don't recall it."

Also omitted by Seymour, the lawyers said, was Deaver's testimony that he "spoke out in favor of the special envoy . . . largely for political reasons" because of an approaching U.S.-Canadian summit.

The lawyers demanded that Seymour turn over his evidence regarding Deaver's lobbying for Canada and South Korea, saying that Deaver "cannot defend against these charges" because foreign officials have no obligation to cooperate with U.S. court proceedings. The Canadian government, they said, has cooperated with Seymour's probe, but has "consistently refused to provide any information to Mr. Deaver."

The attorneys also alleged that Seymour had gone beyond his legal mandate in examining Deaver's lobbying for such clients as Trans World Airlines. The indictment also included inflammatory language about Deaver's lobbying efforts even though Deaver was not charged with violating conflict of interest laws, the lawyers charged.

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Head of House Deaver Panel Cites an Inaccuracy in Report

WASHINGTON, Aug. 21 (AP) — A House subcommittee's report that concluded that Michael K. Deaver, the former deputy White House chief of staff, had lied to the panel may contain an inaccuracy, the chairman of the subcommittee said in a letter made public today.

Representative John D. Dingell, the Michigan Democrat who is chairman of the House Energy and Commerce investigations subcommittee, wrote a letter to the independent counsel investigating Mr. Deaver, now a lobbyist, informing him of the possible mistake.

The panel and the court-appointed independent counsel, Whitney North Seymour Jr., have been investigating whether Mr. Deaver's lobbying activities since he left the White House in May 1985 violated ethics laws that restrict contact between former top officials and the agencies they worked for.

The letter was written last Thursday but was never released by the subcommittee. Randall J. Turk, an attorney for Mr. Deaver, made it public today, and a subcommittee source, speaking on the condition that he not be identified, confirmed it had been sent.

Panel Stands By Rest of Report

The subcommittee voted 17 to 0 Aug. 12 to accept its staff's findings that Mr. Deaver had "knowingly and willfully" lied to the committee. The panel members formally asked Mr. Seymour to investigate whether Mr. Deaver had violated perjury and other laws.

The possible inaccuracy was in a section on Mr. Deaver's representation of the Rockwell International Corporation, maker of the B-1 bomber.

The subcommittee source said the panel stood by the other portions of the report, including sections on Mr. Deaver's activities in urging tax breaks for Puerto Rico and his contacts with two United States ambassadors concerning his business dealings.

Mr. Deaver, in a closed-door appearance before the committee earlier this year, testified that he had told Rockwell officials that he planned to talk with James C. Miller 3d, the director of the Administration's Office of Management and Budget, about the need to build more of the bombers.

The subcommittee report said Mr. Deaver's testimony was inaccurate,

because Rockwell officials said they had not been told in advance of the Deaver-Miller meeting.

But Mr. Dingell says in his letter that Mr. Deaver may have been correct in testifying that he did inform Rockwell officials that he planned to meet with Mr. Miller.

Rockwell's 'Clarification'

According to Mr. Dingell's letter, on Aug. 13, Charles H. Harff, Rockwell's senior vice president, general counsel and secretary, telephoned the subcommittee to provide a "clarification" to the panel's report, which had been made public the previous day.

Mr. Dingell, relaying Mr. Harff's account to Mr. Seymour, wrote that "sometime between August and October 1985, the chairman and chief executive officer of Rockwell, Mr. Robert Anderson, and a Rockwell senior vice president, Mr. Bastian Hello, dropped by Mr. Deaver's office in Georgetown for an unscheduled meeting of relatively short duration ranging between 15 and 20 minutes.

"In the context of a discussion regarding his representation of Rockwell, Mr. Deaver may have suggested that it may be productive to visit certain individuals, including various United States senators and O.M.B. Director James Miller.

"Mr. Harff indicated that there was no further discussion regarding Mr. Miller at that meeting and that Rockwell has discovered no subsequent discussions between Mr. Deaver and officials of Rockwell International Corp. relating to Mr. Miller."

However, Mr. Turk said the letter still did not tell the entire story.

"What Rockwell still fails to tell Mr. Dingell is that Mr. Deaver and one of his associates met with Mr. Hello and five or six of his staff members at the Rockwell offices in Crystal City, Va., at 9 A.M. Feb. 14, 1986, which was the same day Mr. Deaver was scheduled to meet with Mr. Miller at 2 P.M.," Mr. Turk said.

In fact, the Deaver-Miller meeting scheduled for that day was subsequently canceled because Mr. Miller was ill. But the session was held Feb. 27.

The subcommittee source said the panel was not aware of the Feb. 14 meeting referred to by Mr. Turk.

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Date 8-22-86

Part of Deaver's Testimony Supported

House Panel Discloses Information 'Clarifying' Allegations

By David Hoffman
Washington Post Staff Writer

The chairman of a House subcommittee has disclosed new information that supports some testimony given by former White House deputy chief of staff Michael K. Deaver, whom the panel had accused of testifying falsely about his lobbying activities for Rockwell International Corp.

The information concerns one of three areas in which the Energy and Commerce subcommittee on oversight and investigations charged earlier this month that Deaver may have perjured himself. Deaver has denied any wrongdoing.

A lawyer representing Deaver said yesterday the information is a "retraction" of a major part of the perjury allegations. A subcommittee aide said it was a "minor clarification" and that Chairman John D. Dingell (D-Mich.) was not retracting the perjury allegation. A spokesman for Rockwell had no comment.

The subcommittee had accused Deaver of giving false testimony when he said in a closed hearing that he had discussed with Rockwell executives his plan to lobby budget director James C. Miller III on the B1 bomber.

The panel, in its Aug. 7 report, said Deaver was contradicted by Rockwell executives, who conducted their own "extensive investigation" and found that there were "no discussions" between Deaver and the executives. The subcommittee also said that Rockwell officials "first learned of any meeting" with Miller "when it was reported in the press some weeks later."

However, Dingell said Rockwell executives have now provided a "clarification." He said the company had informed the subcommittee by telephone that Rockwell's chairman and chief executive, Robert Anderson, and a senior vice president, Bastian Hello, had a 15- to 20-minute unscheduled meeting with Deaver at his Georgetown office between August and October 1985. During the meeting, Deaver "may have suggested" that "it may be productive" to lobby senators and Miller, according to Dingell.

Dingell said the new information was provided by Charles H. Harff, senior vice president, general counsel and secretary of Rockwell. He said Harff had told the panel that there was no further discussion regarding Miller at that meeting, and Rockwell "has discovered no subsequent discussions" between Deaver and the firm concerning Miller.

Dingell disclosed the new information in a letter Aug. 14 to Whitney North Seymour, the independent counsel investigating whether Deaver violated federal conflict of interest rules in his lobbying activities after leaving the White House. Deaver was a long-time assistant and confidant to Reagan and First Lady Nancy Reagan.

A copy of the Dingell letter was made public yesterday by attorneys for Deaver.

The House subcommittee voted 17 to 0 earlier this month to refer the allegations of perjury to Seymour.

Dingell was unavailable for comment yesterday. A subcommittee aide, who asked not to be identified, said the panel views the information as a "minor clarification" that "does not detract" from its findings, and which concerns only one part of the Rockwell episode. Rockwell executives did not testify under oath, but rather were interviewed as part of the subcommittee investigation, the aide said.

Rockwell decided not to renew its contract with Deaver, who had been hired to promote the company's effort to build additional B1 bombers.

A lawyer for Deaver, Randall Turk, said the new information provided by Dingell marked "the beginning of the true facts coming to light" and that there is "no basis" for the perjury allegations against Deaver.

Turk said Deaver has notes of other meetings with Rockwell executives, including Hello, on Nov. 25, 1985; Jan. 19, 1986, and Feb. 14, 1986. Deaver met with Miller on Feb. 27, 1986, and spoke by telephone with Hello the following day, according to Turk.

Turk said possible contacts with Miller or his aides on the B1 controversy were discussed at the meetings. He said the Feb. 14 meeting was actually a briefing by Rockwell executives for Deaver, who had been scheduled to meet Miller that day. The meeting was rescheduled, however.

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Talking Points

Deaver's Loss: Eight Contracts Worth \$1 Million

A recent article in the Legal Times brings up to date the list of clients lost to lobbyist and former White House deputy chief of staff Michael K. Deaver in the wake of his recent troubles.

The legal journal reports it has ascertained through Justice Department records and conversations with domestic clients that Deaver's firm, Michael K. Deaver & Associates, has lost "at least eight major clients in the past six months . . . [representing] a loss to Deaver of more than \$1 million in annual billings from foreign clients alone" since Deaver was first accused of spinning the revolving door too fast.

Among the clients who have either severed dealings with the Deaver firm or made plans not to renew contracts with it are Rockwell International (on behalf of whose B1 bomber Deaver paid a much-publicized visit to Office of Management and Budget Director James C. Miller III), Philip Morris Companies Inc., Trans World Airlines, CBS Inc., the Boeing Corp. (where officials told the Legal Times that Deaver's contract, set to expire next month, will likely not be renewed) and the CBI Sugar Group. The Deaver firm had already informed the Justice Department that it will no longer represent the governments of Singapore, Mexico and Canada (the last of these associations having been severed at Deaver's request).

One Washington lobbyist said about Deaver's remaining clients, "They don't want to just flee because, after all, he is still the friend of the president and that would look lousy But I wouldn't expect he'd get a lot of renewals."

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'Outs' play up Deaver inquiry

By ROBERT FRIEDMAN

Special to The News

SAN JUAN—The Puerto Rican government has refused to make public details of its dealings with lobbyist Michael Deaver, even while the case is being taken up in Washington.

"This affair ... has scandalous overtones," charged San Juan Mayor Baltasar Corrada del Rio, demanding that the details be released.

The links between Puerto Rico and Deaver, who is a former White House deputy chief of staff, last week came under scrutiny of a federal grand jury convened by an independent counsel to investigate conflict-of-interest and perjury allegations against Deaver.

But, at least in public, Commonwealth officials have had a hard time remembering exactly what Deaver did for the island. Gov. Rafael Hernandez Colon turns aside all questions on the case with a terse "no comment."

Deaver called 'bait'

Mayor Corrada, president of the opposition New Progressive Party, charges that Deaver was used as "bait" by a New York brokerage house to land the biggest-ever bond issue for Puerto Rico. The mayor has demanded that the governor reveal details of a pact that led Smith Barney Harris Upham & Co. to hire Deaver to protect the island's tax rates.

The brokerage house, which acknowledges that it "loaned" Deaver to the island, was picked to manage a \$500 million bond issue for Puerto Rico. For his part, Deaver helped preserve Section 936 of the Internal Revenue Code, which offers huge tax breaks to U.S. companies operating here.

Among other things, the grand jury is looking into whether Deaver contacted Robert MacFarlane, then national security adviser, about Section 936 a scarce two months after he left office. The Ethics in Government Act bars former high public officials from contacting within a year their former government colleagues on behalf of clients.

The grand jury was convened after a House subcommittee appointed independent counsel Whitney North Seymour to determine whether Deaver lied in earlier testimony before the subcommittee.

Deaver failed to tell the subcommittee about his alleged contacts with MacFarlane. He also said nothing about supposed contacts with Ambassador to Tokyo Mike Mansfield. Deaver went to Japan to push for Puerto Rico's efforts to arrange with the Japanese government a tax package similar to Section 936 for Japanese companies setting up shop on the island.

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The Washington Post _____
 The Washington Times _____
 Daily News (New York) p. 30
 The New York Times _____
 The Wall Street Journal _____
 The Chicago Tribune _____
 The Los Angeles Times _____
 The Christian Science Monitor _____
 USA Today _____

Date 8-31-86

Page 29 FBI/DOJ

Grand Jury Is Convened on Lobbying by Deaver

By MARTIN TOLCHIN

Special to The New York Times

WASHINGTON, Aug. 25 — Whitney North Seymour Jr., the independent counsel investigating the lobbying activities of Michael K. Deaver, has convened a Federal grand jury that has taken the testimony of executives of at least two companies, according to several people familiar with the proceedings.

They provided the first indication that a grand jury has been convened to assess conflict-of-interest and perjury allegations against Mr. Deaver, a former White House deputy chief of staff and a close friend of President Reagan and his wife, Nancy.

Three executives of Smith Barney Harris Upham & Company, a New York brokerage house, have testified before the grand jury, according to a person familiar with the testimony.

Richard Mau, the vice president for communications at Rockwell International, said several of his company's executives had also testified. And Norma Kaehler, a government relations aide at Trans World Airlines, said the independent counsel had been in contact with the company's legal department, which was awaiting a subpoena to testify.

Randall J. Turk, an attorney for Mr. Deaver, declined to discuss whether his client would testify before the grand jury. Terri Duggan, an aide to Mr. Seymour, said the independent counsel's office would have no comment on the investigation.

There were new indications, meanwhile, that Mr. Deaver was losing clients as a result of the investigation. Mr. Mau said Rockwell International had decided not to renew Mr. Deaver's lobbying contract. The lobbyist has also lost the governments of Canada, Mexico, Singapore and Saudi Arabia, a Caribbean sugar group, CBS Inc. and T.W.A. as lobbying clients.

In addition, Mr. Deaver's lobbying contract with Philip Morris was not renewed when it expired last June, according to Donald Harris, a company spokesman, who added that such a renewal was still under consideration.

Mr. Turk said that despite such a loss of clients, Mr. Deaver had no plans to close his lobbying office.

Lobbying for Tax Breaks

Smith Barney hired Mr. Deaver to seek tax breaks for Puerto Rico, whose financings the brokerage house had handled. The independent counsel is investigating whether Mr. Deaver contacted Robert C. McFarlane, then President Reagan's national security adviser, in connection with a proposed tax break for Puerto Rico two months after leaving office.

The Ethics in Government Act restricts former high public officials

from contacting their former colleagues on behalf of clients for one year.

In addition, the Investigations Subcommittee of the House Energy and Commerce Committee recently voted, 17 to 0, to inform the independent counsel that Mr. Deaver might have committed perjury in his testimony before the committee by failing to disclose his contact with Mr. McFarlane.

The subcommittee also asked the independent counsel to investigate Mr. Deaver's failure to disclose his contacts with Mike Mansfield, the United States Ambassador to Japan, in connection with the lobbyist's trip to Japan last February. The purpose of the trip was to persuade the Japanese officials to support tax breaks for Japanese businesses that invested in Puerto Rico. Ambassador Mansfield questioned the appropriateness of the plan in a cable to Secretary of State George P. Shultz, who agreed that Mr. Mansfield's concerns were well founded.

Mr. Mansfield accompanied Mr. Deaver at a meeting with the Japanese Prime Minister, Yasuhiro Nakasone, and wrote Mr. Mansfield on behalf of the tax plan, the subcommittee said. The panel said Mr. Deaver may have perjured himself by failing to disclose his contact with Mr. Mansfield.

The independent counsel is also investigating Mr. Deaver's work on behalf of Rockwell International's efforts to increase Air Force purchases of the B-1 bomber. Mr. Deaver has acknowledged meeting with James C. Miller, director of the Office of Management and Budget, to discuss the B-1 bomber, but has called the meeting "informational," rather than a lobbying effort.

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 The Chicago Tribune _____
 The Los Angeles Times _____
 The Christian Science Monitor _____
 USA Today _____

Date 8-26-86

Page 13 FBI/DOJ

Slight error found in report on Deaver

New York Times News Service

WASHINGTON—The chairman of a House subcommittee has noted an inaccuracy in the panel's report that concluded that Michael Deaver, the former deputy White House chief of staff, lied in sworn testimony this spring.

Rep. John Dingell [D., Mich.], who is chairman of the House Energy and Commerce Investigations Subcommittee, said in a letter to a court-appointed independent counsel that the panel had received a telephone call from the Rockwell International Corp. correcting information on Deaver's representation of the company.

The panel and the counsel, Whitney North Seymour Jr., have been investigating whether Deaver's lobbying activities since he left the White House in May, 1985, violated ethics laws that restrict contact between former top officials and the agencies they worked for.

A subcommittee official emphasized that the letter contained a "minor clarification and in no way affects the substance of the subcommittee's findings" that Deaver lied to the committee in testimony this spring.

He said the panel stands by the other findings in its report, including sections on Deaver's activities in urging tax breaks for Puerto Rico and his contacts with two U.S. ambassadors concerning his business dealings.

But Randall Turk, an attorney for Deaver, said the letter was "a retraction and just the beginning of the full story being told."

The letter from Dingell to Seymour, dated Aug. 14, was made public Thursday by Turk.

The House panel said last week that Deaver gave false testimony about his representation of Rockwell, maker of the B-1 bomber, to the director of the administration's Office of Management and Budget.

Deaver said that he told Rockwell officials that he planned to meet with the budget director, James Miller, on Feb. 27 concerning the need to build more bombers, according to the subcommittee's report. He said he then reported back to the company.

But the subcommittee staff and Rockwell officials took issue with Deaver and said there had been no such discussions between Deaver and Rockwell officials.

Dingell said in his letter, however, that Deaver may have been accurate in testifying that he had informed Rockwell officials of his intention to meet with Miller.

Dingell wrote in the letter that Charles Harff, senior vice president, general counsel and secretary of Rockwell, had telephoned the subcommittee to provide the clarification.

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The Washington Post _____
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 The New York Times _____
 The Wall Street Journal _____
 The Chicago Tribune Sec 1 p. 4
 The Los Angeles Times _____
 The Christian Science Monitor _____
 USA Today _____

Date 8-23-86

Page 32 FBI/DOJ

ESSAY

William Safire

Suite 1112, Where Are You?

WASHINGTON

The Independent Counsel in the Michael Deaver investigation has been operating in a fashion more curious than anyone who has ever been in that low-oversight post.

Whitney North Seymour Jr. is a reverse publicity nut. Some prosecutors improperly leak information to the press to aggrandize themselves; "Mike" Seymour high-mindedly positions himself at the other extreme, operating in such secrecy as to deny his investigators needed information.

For example, when the House subcommittee that officially broke ground on the case wanted to send materials and investigatory leads over to the Independent Counsel, days passed before they could find out where to send it.

If you were a whistle-blower, or had information pertinent to potential law-breaking in the Deaver business, and you called the Department of Justice to get the address or phone number of the office appointed by the court to do the job — you would be told, first, that no such position as Independent Counsel exists. If you pressed, and demanded the number of Mr. Seymour from the Chief of the Criminal Division, a flunky would ultimately inform you that the Department could not or would not supply the number.

Even if you had the smoking gun in a bag, the most you could do would be to look up the number of Mr. Seymour's private law office at 100 Park Avenue in New York, where you would be told he sometimes calls in for messages. But nobody would call back no matter what you had.

It has not been easy to obtain the Washington office phone number of the Independent Counsel. I euchred this

The head
of the Deaver
investigation
operates in a
curious way

dark secret out of budget by claiming to suspect a cover-up of exorbitant prices paid for truncheons, rubber hoses and thumbscrews purchased with taxpayer dollars by the special prosecutor. ("\$600 for a truncheon?")

I then dialed 333-0025 to speak to Terri Duggan, said to handle administrative matters in this nerve center of our war against corruption. But apparently Miss Duggan does not hang around the office after 4 P.M.; the kid who answers with a mysterious "Suite 1112" is named Bill, and he's going back to college next week. If you ask for the address or want to leave a message, he puts you on hold, grabs a knapsack and heads for the campus.

Mike Seymour has not vanished from public view so completely since his last bid for public office. Others who have taken the assignment as Independent Counsel under the Ethics in Government Act are surprised at his mode of operation: avoiding personal publicity is laudable, but isolating your investigation from all possibility of over-the-transom tips and leads is self-defeating.

His we-don't-want-to-know attitude makes me wonder if this former U.S. Attorney is doing his job efficiently. In late June and July, Martin Tolchin and Stuart Diamond of The New York Times conducted over 100 interviews in the Far East for their story on the connections between Philip Morris, Michael Deaver and the Government of South Korea. Not a single one of those interviewees had been contacted at the time by investigators working for the Independent Counsel, who was appointed on May 29.

In the same way, officials at the Office of the U.S. Trade Representative, who went to some lengths to find out where to send information about contacts by members of the Deaver firm — details wrongly withheld from the press — are amazed at the lack of follow-up. At the State Department, eyebrows have been raised at the failure of the Independent Counsel to obtain diplomatic help in pressing Mexico, Saudi Arabia and South Korea for evidence. (Also, our former Ambassador to Mexico and at least three members of our Embassy in Seoul must have much to unburden themselves of.)

Perhaps Mr. Seymour, Miss Duggan, Bill and the pickup band from the F.B.I. in Suite 1112 are too busy with allegations about the Deaver representation of Canada, Puerto Rico and CBS to dig into these areas. Republicans hope no news will break before Election Day.

But the closed door to informants is troubling; as Watergate prosecutors learned, tipsters can be helpful. I am indebted to an anonymous source I call "Charlie Chan" because his letters strike me as written by an American disguising himself as an Asian: his wild accusations about President Reagan and President Chun Doo Hwan are beyond my checking out, and anonymity is always suspect, but his detailed knowledge of the profits inherent in tobacco monopolies in South Korea is useful in posing questions.

So come on out of Suite 1112, Independent Counsel: you will have to brush off a great many reporters, but you might let in a piece of information

April 27, 1987

Whitney North Seymour, Jr., Esquire
Independent Counsel
United States Courthouse
One Marshall Place
Washington, D.C. 20530

Dear Mr. Seymour:

Thank you for your letter dated March 18, 1987 in which you enclosed a copy of the Federal grand jury indictment filed against Michael K. Deaver.

I am pleased that the FBI could be of assistance to you in your investigation of the allegations against Deaver. Should you need any further assistance in this, or any other matter, please do not hesitate to call.

Sincerely yours,

William H. Webster
Director

John E. Otto
Acting for the Director

1 - Mr. Otto

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MAY 29, 1987

UNCLAS

PRIORITY

FM ACTING DIRECTOR, FBI {211-25}
TO LEGAL ATTACHE OTTAWA {PRIORITY}
BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT {EIGA} OF 1978;
CONFLICT OF INTEREST; 00: FBIHQ.

FOR INFORMATION OF LEGAL ATTACHE OTTAWA, MICHAEL K. DEEVER
WAS INDICTED ON FIVE COUNTS OF PERJURY BY A FEDERAL GRAND JURY,
DISTRICT OF COLUMBIA, ON MARCH 18, 1987. THIS INDICTMENT WAS
RETURNED IN CONNECTION WITH THE INVESTIGATION BEING CONDUCTED
BY INDEPENDENT COUNSEL {IC} WHITNEY NORTH SEYMOUR, JR. TRIAL
FOR DEEVER IS SCHEDULED TO BEGIN ON JUNE 15, 1987 IN UNITED
STATES DISTRICT COURT, DISTRICT OF COLUMBIA. (6)

ON MAY 28, 1987, IC SEYMOUR REQUESTED THE FBI TO ATTEMPT
TO DETERMINE WHAT, IF ANY, INVESTIGATION WAS CONDUCTED BY
CANADIAN OFFICIALS REGARDING DEEVER'S INVOLVEMENT WITH CANADIAN

ETC/mf

MRF:MAS {3}

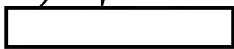
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OFFICE OF LIAISON FOR INTERNATIONAL AFFAIRS

SEE NOTE PAGE 3

FEDERAL BUREAU OF INVESTIGATION
COMMUNICATIONS CENTER

JUN 1 - 1987

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OFFICIALS CONCERNING AN ALLEGATION THAT DEAVER ACTED IN
CONFLICT OF INTEREST WHEN HE CONTRACTED TO LOBBY FOR THE
GOVERNMENT OF CANADA ON THE ISSUE OF ACID RAIN.

LEGAL ATTACHE OTTAWA IS REQUESTED TO DETERMINE IF ANY
INVESTIGATION WAS INITIATED BY CANADIAN AUTHORITIES ON THE
ABOVE AND, IF SO, WAS THERE ANY CONCLUSION TO THE
INVESTIGATION.

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NOTE: ON 5/28/87, WFO SA [REDACTED] WHO IS ASSIGNED TO INDEPENDENT COUNSEL (IC) WHITNEY NORTH SEYMOUR, JR.'S INVESTIGATION OF MICHAEL K. DEEVER, ADVISED THE PUBLIC CORRUPTION UNIT, FBIHQ, THAT IC SEYMOUR HAS REQUESTED THE FBI TO DETERMINE IF THE CANADIAN AUTHORITIES INVESTIGATED ANY OF DEEVER'S ACTIVITIES. DURING MAY-JUNE 1986, VARIOUS NEWSPAPER ARTICLES APPEARED WHICH INDICATED THAT AUTHORITIES IN CANADA MAY HAVE INITIATED AN INVESTIGATION INTO DEEVER'S ACTIVITIES WITH CANADIAN OFFICIALS CONCERNING THE ISSUE OF ACID RAIN.

Memorandum



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Director's Sec'y _____

To : Mr. Otto

Date 5/20/87

From :

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Subject : MICHAEL K. DEAVER,
FORMER DEPUTY CHIEF OF STAFF
AND ASSISTANT TO THE PRESIDENT;
ETHICS IN GOVERNMENT ACT OF 1978 (EIGA)
CONFLICT OF INTEREST;
OO: FBIHQ

PURPOSE: To advise you of an inquiry from the office of Independent Counsel (IC) Whitney North Seymour, Jr., to review and use information from Michael K. Deaver's SPIN background investigation in preparation for the trial of Deaver, which is scheduled in U.S. District Court, District of Columbia, on June 15, 1987.

RECOMMENDATIONS: That Deaver's SPIN file be made available for review and use by IC Seymour upon request.

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DETAILS: On May 18, 1987, WFO Special Agent (SA) [redacted], an investigator for IC Seymour, made an inquiry of the Public Corruption Unit, White Collar Crimes Section, to determine if the SPIN background investigation of Deaver could be made available for information of interest to IC Seymour's preparation for the trial of Deaver. SA [redacted] advised that should Deaver use his alleged abuse of alcohol as a defense, information regarding this issue which might be available in Deaver's SPIN file may be useful to IC Seymour during the trial.

- 1 - Mr. Otto
- 1 - Mr. Revell
- 1 - Mr. Davis

1 - [redacted]
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1 - [redacted]
1 - [redacted]

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6-10
22 MAY 22 1987

Memorandum from [] to Mr. Otto
RE: MICHAEL K. DEEVER; OO: FBIHQ

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The SPIN Unit conducted a background investigation of Deaver in 1981. Sixty-four individuals were interviewed and none of these individuals raised the issue of alcohol. However, prior to changes in the Manual of Investigative Operations and Guidelines (MIOG), Section 17-7.1 (2), on July 12, 1982, it was not necessary to inquire of each person interviewed if the applicant or employee is a known abuser of alcohol.

The IPALU, Legal Counsel Division (LCD), has advised that pursuant to Title 28, Section 594, affecting the duties of an IC and in light of the description of the powers of the IC, it is the opinion of the LCD that the Privacy Act of 1974 permits the dissemination of SPIN information to the IC for his present purposes of information relating to Deaver.

Memorandum



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 Director's Sec'y _____

To : Acting Director

Date 6/5/87

From :



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Subject : MICHAEL K. DEAVER,
 FORMER DEPUTY CHIEF OF STAFF
 AND ASSISTANT TO THE PRESIDENT;
 ETHICS IN GOVERNMENT ACT OF 1978 (EIGA)
 CONFLICT OF INTEREST;
 OO: FBIHQ

PURPOSE: To advise you of the status of captioned matter and of a request from Independent Counsel (IC) Whitney North Seymour, Jr. for the use of an overhead projector and for the services of the FBI Laboratory.

RECOMMENDATIONS: That approval be given to provide IC Seymour with an overhead projector and the services of the FBI Laboratory which he has requested in preparation for the trial of Michael K. Deaver.

APPROVED:

Director

Exec. AD-Adm.

Exec. AD-Inv.

Exec. AD-LES

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DETAILS: This matter was presented to the Federal grand jury (FGJ), District of Columbia, by IC Seymour for an indictment of Deaver on Perjury charges relating to Deaver's testimony before the FGJ and before a Congressional Committee headed by Representative John D. Dingell. Deaver's testimony was related to his involvement as a lobbyist on the issues of acid rain, tax benefits for Puerto Rico, Trans World Airlines and trade matters with Korea.

On 3/18/87, the FGJ returned an indictment against Deaver on five counts of Perjury.

22 JUL 14 1987

On 3/26/87, Deaver appeared before Judge Jackson, U. S. District Court, and entered a plea of not guilty. Deaver was continued on release on a Personal Recognizance bond and a trial date was set for 6/8/87.

Enclosure -

- 1 - (enclosure)
- 1 - (Special Photo Unit) (enclosure)
- 1 - (enclosure)

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Memorandum from [REDACTED] to Acting Director
RE: MICHAEL K. DEEVER; OO: FBIHQ

Motions concerning the constitutionality of the Office of Independent Counsel and the indictment have been filed by Deaver's defense attorneys before the U. S. Court of Appeals. On 6/5/87, IC Seymour's Office advised the Public Corruption Unit that U. S. District Judge Thomas P. Jackson, who is the trial judge for this matter, may await the Court of Appeals decision on those motions before beginning the trial of Deaver. IC Seymour anticipates that Judge Jackson will issue a statement of his decision on this matter on Monday, 6/8/87.

By letter dated 6/4/87, which is attached, IC Seymour requested the FBI to provide an overhead projector and the services of the FBI Laboratory in preparation for the trial of Deaver. Arrangements were made on 6/4/87 with the Special Photo Unit, Special Projects Section, Laboratory Division, to facilitate and comply with this request.

UNCLASSIFIED

6/23/87

Mr. Otto:

RE: MICHAEL K. DEAVER,
FORMER DEPUTY CHIEF OF STAFF
AND ASSISTANT TO THE PRESIDENT;
ETHICS IN GOVERNMENT ACT OF 1978 (EIGA);
CONFLICT OF INTEREST;
OO: FBIHQ

SYNOPSIS: On 6/22/87, United States District Judge Thomas P. Jackson set a trial date of 7/13/87 for Michael K. Deaver.

DETAILS: Following a five count perjury indictment of Deaver by a Federal grand jury on 3/18/87, Judge Jackson originally set the trial date for this matter for 6/8/87. Defense motions on behalf of Deaver were filed before the United States Court of Appeals questioning the constitutionality of the Office of Independent Counsel (OIC) and of the indictment resulting from an investigation by Independent Counsel Whitney North Seymour, Jr. Judge Jackson held up the start of the trial pending an opinion by the United States Court of Appeals on Deaver's motions.

On 6/15/87, the United States Court of Appeals denied Deaver's motion to dismiss the indictment on the grounds that the OIC and the indictment are unconstitutional.

CURRENT DEVELOPMENTS: On 6/22/87, Judge Jackson rescheduled the trial in this matter for 7/13/87. Also, on 6/22/87, Deaver appealed the motions referred to above before the Supreme Court of the United States. In other court action, Judge Jackson denied a motion by Independent Counsel Seymour to compel Canadian Ambassador Allan E. Gotlieb to accept service of a subpoena by quashing the subpoena.

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1 - Mr. Otto

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THIS FORM MUST BE TYPED

To: Director, FBI
(Attn: Photographic Processing Unit, Rm. 1B903 TL151)

AIRTEL

Cost Code:

Date: 7/14/87

☒ Unclassified ☐ Confidential ☐ Secret

From: OFFICE OF INDEPENDENT COUNSEL,
WHITNEY NORTH SEYMOUR, JR.

Subject:

VIA SA [REDACTED]
MICHAEL K. DEEVER,
FORMER WHITE HOUSE DEPUTY
CHIEF OF STAFF;
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OO: BUREAU
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SA [REDACTED]

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Other:

BLOW UP OF ENCLOSED TWO PAGES INTO ONE SIDE-BY-SIDE EXHIBIT

JUSTIFICATION: TRIAL

PHOTO TECHNICIAN (Int.) _____

FBIHQ USE ONLY

Ack: SPS, LAB

Enclosures rec'd and ret'd with Prints/Slides to WFO Int'l./date Mar 7-15-87

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From: Director, FBI
(Attn: Photographic Processing Unit, Rm. 1B903 TL151)

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Date: 7/11/88

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☒ Unclassified ☐ Confidential ☐ Secret

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- ☐ Shipping Room: Show shipment date; bill of lading number, initial invoice; invoice to be placed in administrative file.

Enclosure

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To: Director, FBI
(Attn: Photographic Processing Unit, Rm. 1B903 TL151)

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From: **INDEPENDENT COUNSEL**
WHITNEY NORTH SEYMOUR, JR.
VIA SA [REDACTED]

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Date: 7/27/87

Subject:

☐ Unclassified ☐ Confidential ☐ Secret

MICHAEL KEITH DEAVER,
FORMER DEPUTY CHIEF OF STAFF - WHITE HOUSE;
ETHICS IN GOVERNMENT ACT - CONFLICT OF INTEREST;
OO: BUREAU

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Ack: SPS, LAB

Enclosures rec'd and ret'd with Prints/Slides to WFO Intl./date [REDACTED]

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(color and black & white work will not be
accepted on same request)

CONTACT FOR INFORMATION:

FTS-

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b7C

JUL 20 1987

WORK REQUESTED:

☐ Develop and print 1 ea. 3½ x 5

Other:

JUSTIFICATION:

PHOTO TECHNICIAN (Int.) _____

SPECIAL INSTRUCTIONS

☒ Mail Room: Show shipment date and registry number.

☐ Shipping Room: Show shipment date; bill of lading
number. Bill of lading to be placed in administrative file.

Enclosure

MAIL ROOM ☐

Best Copy Available

July 21, 1987

Whitney North Seymour, Jr., Esq.
Independent Counsel
United States Courthouse
One Marshall Place
Washington, D.C. 20001

Dear Mr. Seymour:

Enclosed for you are the original and one copy of a letter received at the office of Independent Counsel Lawrence E. Walsh, Suite 701, 555 15th Street, N.W., Washington, D.C.

b6
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The enclosed letter was opened in [redacted] Office, and it was then realized that the correspondent was writing in reference to Michael A. Denver. The letter was then forwarded to FBI Headquarters and is being furnished to you for any interest it may be to your investigation of Mr. Denver.

If I can be of further assistance to you, please do not hesitate to call.

Sincerely yours,

4

John E. Otto
Acting Director

Special File Room

ENCLOSURE

MAILED 18
JUL 21 1987
FBI
xec AD Adm. _____
xec AD Inv. _____
xec AD LES _____
est. Dir. _____
Adm. Servs. _____
Crim. Inv. _____
Ident. _____
Insp. _____
Intell. _____
Lab. _____
Legal Coun. _____
Off. Cong. & Public Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____
Telephone Rm. _____
Director's Sec'y _____

Mr. Otto (Enclosure)
Mr. [redacted] (Enclosure)

4

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APPROVED:

Director

Exec. AD-Adm. _____
Exec. AD-Inv. _____
Exec. AD-LES _____

Adm. Servs. _____

Crim. Inv. _____

Ident. _____

Inspection _____

Intell. _____

Laboratory _____

Legal Coun. _____

Off. of Cong. & Public Affs. _____

Off. of Lia. _____

& Intl. Affs. _____

Rec. Mgnt. _____

Tech. Servs. _____

Training _____

22 JUL 21 1987

July 2-1987

DEAR MR. SEYMOUR.

I AM A RETIRED ARMY SGT.
I AM WRITTING YOU ABOUT THE CASE OF MR.
MICHAEL DEEVER, LOBBYING FOR THE GOVERNMENT
OF P. RICO IN TWO(2) CASES (1) IN RELATION
TO THE SECTION OF 936. (2) IN RELATION TO
THE GOVERNOR RAFAEL HDZ. COLON TRYING TO SIGN
A COMMERCIAL TREATY WITH JAPAN. LATER THE
SECRETARY OF STATE HON. GEORGE SHULTZ - REPRIMANDS
GOV. HDZ. COLON - TELLING HIM THAT HE WAS NOT
AUTHORIZED TO SIGN ANY PACT WITH A FOREIGN
COUNTRY.

IN BOTH CASES WE HAVE QUESTIONING GOVERNOR
HDZ. COLON AND SOME MEMBERS OF HIS CABINET
AND THE ANSWER WAS THAT HE HAVE NOTHING
TO DO WITH MR. DEEVER.

ALL OF THEM BEEN LYING TO THE PEOPLE
OF P. RICO.

1. GOV. RAFAEL HERNANDEZ COLON - GOVERNOR
2. MR. ANTONIO (TITO) COLORADO - FOMENTO INDUSTRIAL
3. MR. JOSE R. GONZALEZ - FOMENTO BANC.
4. MR. JUAN AGUSTO ALICEA - SECRETARIO HACIENDA.
5. LODE. RICHARD COPAKEN - LOBBYST FOR THE
GOVERNMENT OF P. R. IN WASHINGTON, D.C.

I UNDERSTAND THAT MR. DEEVER IS NOT SO

The Company of Smith, Barnes & Hupham.
(NOTE) This company never before did
any Bond Sales for the Government of P.Rico.

After this Bonds Sales, which they kept in
complete secrecy, and the SECOND (2)
VISIT of MR. DEQUER TO PUERTO RICO
THE GOVERNOR ANNOUNCED by Radio, Television
WIPR Channel 6 and all the news papers
that the SECURITY of the 936 were
SECURED.

— My question is -

- 1- Who paid Mr. DEQUER -
- 2- Smith - Barnes & Hupham ^{Co.} charge in
EXCESS a good (\$ 975,000.00)

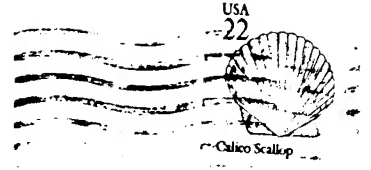
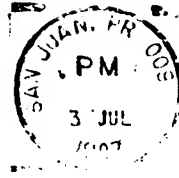
A. MR. DEQUER LIED TO THE SENATE & CONGRESS
INVESTIGATION.

B. GOVERNOR Rafael ADR. COLIN LIED TO THE PEOPLE
OF PUERTO RICO

IN my opinion your office should
subpoena all this people to testify
under oath. About all this transactions

Thanks in advance and I will like to
hear about that.

MR-V



~~MR-V~~
Hon. Whitney North Seymour.
Special Independent Investigator
Justice Department
Washington, D.C.

Memorandum



Exec AD Adm. _____
Exec AD Inv. _____
Exec AD LES _____
Asst. Dir.:
Adm. Servs. _____
Crim. Inv. _____
Ident. _____
Insp. _____
Intell. _____
Lab. _____
Legal Coun. _____
Off. Cong. & _____
Public Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____
Telephone Rm. _____
Director's Sec'y _____

To : Mr. Otto

Date 6/23/87

b6
b7C

From

Subject : MICHAEL K. DEAVER,
FORMER DEPUTY CHIEF OF STAFF
AND ASSISTANT TO THE PRESIDENT;
ETHICS IN GOVERNMENT ACT OF 1978 (EIGA)
CONFLICT OF INTEREST;
OO: FBIHQ

PURPOSE: To request that the Identification Division (ID) conduct latent fingerprint examinations of a document obtained from Michael K. Deaver by Independent Counsel (IC) Whitney North Seymour, Jr.

RECOMMENDATIONS: (1) That the ID Identification Division, Latent Fingerprint Section (LFS), conduct a latent fingerprint examination of a document obtained from Michael K. Deaver.

APPROVED:
Director *[Signature]*
Exec. AD-Adm. _____
Exec. AD-Inv. _____
Exec. AD-LES _____
Adm. Servs. _____
Crim. Inv. _____
Ident. *[Signature]*
Inspection _____
Intell. _____
Laboratory _____
Legal Coun. _____
Off. of Cong. & Public Affs. _____
Off. of Lia. & Intl. Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____

(2) That the Records/Operations Section, Records Management Division, conduct name searches on names in attached letter and provide necessary identification data to the LFS, ID.

APPROVED:
Director *[Signature]*
Exec. AD-Adm. _____
Exec. AD-Inv. _____
Exec. AD-LES _____
Adm. Servs. _____
Crim. Inv. _____
Ident. *[Signature]*
Inspection _____
Intell. _____
Laboratory _____
Legal Coun. _____
Off. of Cong. & Public Affs. _____
Off. of Lia. & Intl. Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____

DETAILS: By letter dated 6/22/87, to John E. Otto, Acting Director, which is attached hereto, IC Seymour enclosed a document he has obtained from Michael K. Deaver. IC Seymour requested that the FBI conduct an analysis of potential latent

Attachment

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1 - Mr. Otto

1 - [Redacted]

(attn: [Redacted])

1 - [Redacted]

(attn: [Redacted])

1 - [Redacted]

(enclosure)

MF:ksr (7)

(CONTINUED - OVER)

Memorandum from [redacted] to Mr. Otto
RE: MICHAEL K. DEEVER; OO: FBIHQ

fingerprints on the document. IC Seymour specifically expressed interest in determining if latent fingerprints of present and former officials of the Department of Transportation and former White House officials may be found on the document.

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IC Seymour listed seven (7) individuals, including himself and WFO Special Agents [redacted] and [redacted] [redacted] who have handled this document during the course of their duties at his office.

IC Seymour requested that the results of this examination be provided to SA [redacted] who can be reached at [redacted]
[redacted]

Memorandum from [redacted] to Mr. Otto
Re: Michael K. Deaver,
Former Deputy Chief of Staff
and Assistant to the President;
Ethics in Government Act of 1978 (EIGA)
Conflict of Interest;
OO: FBIHQ

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Addendum: Records Management Division (RMD) 7/17/87, RDB:cld

The Executive Agencies Unit (EAU), Operations Section (OS), RMD, was requested by [redacted] Latent Fingerprint Section (LFS), Identification Division (ID), to assist in developing identifying data on three individuals, [redacted] and [redacted] mentioned in captioned memorandum. [redacted] also requested assistance on one additional individual named [redacted] who was not mentioned in captioned memorandum. A search of our central files by EAU revealed a nee name of [redacted] for [redacted], a middle name of [redacted] for [redacted] and a middle name of [redacted] for [redacted]. A telephone call was placed to the Office of Security, White House, where a nee name of [redacted] was located for [redacted].

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The information was provided to [redacted] LFS, ID, by EAU. [redacted] stated he was able to locate fingerprints for all of the aforementioned individuals using the nee and correct middle names provided by EAU.

RECOMMENDATION: None, for information.

Jan

APPROVED:	Adm. Servs. <i>[initials]</i>	Off. of Cong. & Public Affs. _____
	Crim. Inv. <i>[initials]</i>	Off. of Lia. & Intl. Affs. _____
	Ident. _____	Rec. Mgmt. <i>[initials]</i>
Director _____	Inspection _____	Tech. Servs. _____
Exec. AD-Adm. _____	Intell. _____	Training _____
Exec. AD-Inv. _____	Laboratory _____	
Exec. AD-LES _____	Legal Coun. _____	

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Mr. Otto:

7/16/87

RE: MICHAEL K. DEAVER,
FORMER DEPUTY CHIEF OF STAFF
AND ASSISTANT TO THE PRESIDENT;
ETHICS IN GOVERNMENT ACT OF 1978 (EIGA);
CONFLICT OF INTEREST;
OO: FBIHQ

SYNOPSIS: On 7/16/87, United States District Judge Thomas P. Jackson, District of Columbia, ordered that the trial of Michael K. Deaver be delayed and tentatively re-scheduled for 10/19/87.

DETAILS: The trial of Deaver began on 7/13/87 before Judge Jackson with jury selection. Approximately one-half of the jury had been selected behind closed doors and not privy to the public. Judge Jackson has conducted his jury selection in this manner in the past and this process was favored by Deaver's defense attorneys. On 7/14/87, Network television affiliates ABC, CBS and NBC and the Washington Post newspaper filed a suit before the Court of Appeals, Washington, D.C., in efforts to force Judge Jackson to make the jury selection public. The appellants (media representatives) cited a United States Supreme Court decision of "Press-Enterprise Company vs. Superior Court of California, 1984" as legal grounds for this suit.

On 7/15/87, the United States Court of Appeals ruled in favor of the appellants on the Supreme Court decision cited above.

CURRENT DEVELOPMENTS: On 7/16/87, Judge Jackson ordered that the trial be moved to 10/19/87 in view of the Court of Appeals' decision and that one-half of the jury has been selected. Judge Jackson stated that it is his belief that to continue the jury selection under the Court of Appeals' ruling would diminish the jury's confidence in him.

1 - Mr. Otto
1 - Mr. [redacted]
1 - Mr. [redacted]

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MPF:mas (4)

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Judge Jackson had initially moved the trial to 9/8/87. However, Deaver's attorney, Herbert J. Miller, Jr., immediately advised Judge Jackson that he intends to petition the Supreme Court in a motion that his client cannot now receive a fair trial in an open jury selection. In consideration that the Supreme Court does not meet until 10/1/87, Judge Jackson tentatively selected 10/19/87 as the trial date.

I will keep you advised of pertinent developments in this matter.



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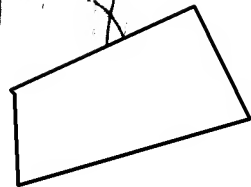
1/17/87
4

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REC'D
FBI
1 JUN 87
FEDERAL
BUREAU OF INVESTIGATION

File

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b7C



ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED

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1 2

JUNE 26, 1987

UNCLAS

PRIORITY

FM ACTING DIRECTOR FBI {211-25}

TO FBI ST. LOUIS {PRIORITY}

b6
b7C

{ATTN: ASAC MICHAEL KEGEBEIN AND SA [REDACTED]}

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978; CONFLICT OF INTEREST; 00: FBIHQ.

RE TELCAL OF SSA [REDACTED] PUBLIC CORRUPTION UNIT, FBIHQ, TO ASAC MICHAEL KEGEBEIN, ST. LOUIS, JUNE 26, 1987.

REFERENCED TELCAL MADE ARRANGEMENTS FOR ASSISTANCE TO CONDUCT AN INTERVIEW AT MC DONNELL-DOUGLAS IN ST. LOUIS ON JUNE 29 OR 30, 1987, REGARDING CAPTIONED MATTER. WFO SPECIAL AGENT [REDACTED] WHO IS ASSIGNED TO INDEPENDENT COUNSEL WHITNEY NORTH SEYMOUR, JR, WHO IS PROSECUTING THIS MATTER, WILL CONDUCT THE INTERVIEW BUT NEEDS A SECOND AGENT PRESENT. *211-2-123X*

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REFERENCED TELCAL ADVISED THAT SA [REDACTED] WOULD PROVIDE

FIC/mf

MRF:MAS {3}

6/26/87

3849/6

1 - [REDACTED]



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NECESSARY ASSISTANCE TO SA ON THE INTERVIEW.

BT

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REC

Best Copy Available

August 4, 1967

Whitney North Seymour, Jr., Esq.
Independent Counsel
United States Courthouse
One Marshal Place
Washington, D.C. 20001

Dear Mr. Seymour:

Thank you for your letter dated July 21, 1967 advising me of the status of your needs for continued assignment of FBI personnel to your investigation of Michael J. Cover.

In accordance with your recommendation, Special Agent (SA) [redacted] will resume assigned duties at our Washington Field Office.

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Should you have a further need of SA [redacted] or other assistance in this matter, please do not hesitate to call.

Sincerely yours,

John E. Otto

John E. Otto
Acting Director

1 - Mr. Otto

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1 - [redacted]
1 - [redacted]
1 - [redacted]
1 - [redacted]

mt : sr (7)

rec AD Adm. _____
rec AD Inv. _____
rec AD LES _____
sst. Dir.: _____
Adm. Servs. _____
Crim. Inv. _____
Ident. _____
Insp. _____
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Legal Coun. _____
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Public Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____
I. Liaison & _____
Int. Affs. _____
Telephone Rm. _____
Director's Sec'y _____

MAIL ROOM

PEAS. REC. UNIT

Mr. Whitney North Seymour, Jr., Esq.

NOTE: WFO SA [] and three other WFO SAs were assigned to Independent counsel (IC) Whitney North Seymour, Jr. in June, 1986. On 3/17/87, EAD John E. Otto, acting for The Director, approved a request by Congressman Lee H. Hamilton, Chairman, House Select Committee to Investigate Covert Arms Transactions with Iran, to detail SA [] for 120 days to assist the Committee in their investigation. The assignment of SA [] to that detail was made with the approval of IC Seymour.

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On 7/30/87, ASAC David G. Binney, WFO, was notified of IC Seymour's recommendation that SA [] should return to WFO but be subject to recall should IC Seymour have need for him in the future.

Memorandum



Exec AD Adm. _____
Exec AD Inv. _____
Exec AD LES _____
Asst. Dir.: _____
Adm. Servs. _____
Crim. Inv. _____
Ident. _____
Insp. _____
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Lab. _____
Legal Coun. _____
Off. Cong. & _____
Public Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____
Telephone Rm. _____
Director's Sec'y _____

To :

[Redacted]

Date 8/14/87

From :

[Redacted]

b6
b7C

Subject : MAJOR CASE ASSIGNMENTS TO
ETHICS IN GOVERNMENT ACT (EIGA) MATTERS

Rememo from [Redacted] to [Redacted] dated 7/30/87, captioned as
above.

PURPOSE: To advise of the major case numbers assigned to the
Four EIGA cases mentioned in the referenced memorandum.

DETAILS: Major case numbers 7, 8, 9, and 10 are hereby assigned to
the EIGA cases as shown below:

Michael K. Deaver
FORMER Chief of Staff to the President
Major Case 7
Bufile 211-25

[Redacted]

[Redacted]

b6
b7C

[Redacted]

Handwritten signature/initials

1 - Mr. [Redacted]
1 - Mr. [Redacted]
1 - Mr. [Redacted]
1 - Mr. [Redacted]

1 - Mr. [Redacted]
1 - Mr. [Redacted]
1 - Mr. [Redacted]
1 - Mr. [Redacted]

1 - Mr. [Redacted]
1 - Mr. [Redacted]

TJF:maw (11)

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED

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Handwritten signature

Memorandum from [redacted] to [redacted]
RE: MAJOR CASE ASSIGNMENT TO
ETHICS IN GOVERNMENT ACT (EIGA) MATTERS

b6
b7C

RECOMMENDATIONS: 1. That the Criminal Investigative Division (CID) advise all offices involved in the cases to instruct their agents working the cases to record their time to the appropriate major case number on their #3 cards for TURK purposes. (Part II, Section 3-2.3.1, pages 361 and 362 of the Manual of Administrative Operations and Procedures further explains the recording of time on major cases.)

2. That the CID advise the field offices involved that the major case number must be carried as part of the case title as shown in the details of this memo.

Best Copy Available

August 24, 1967

Bu 211-25

HONORABLE WILLIAM NORTH CAYPOW, JR.
OFFICE OF INDEPENDENT COUNSEL
UNITED STATES COURTHOUSE
DEPARTMENT OF JUSTICE
WASHINGTON, D.C. 20541

Dear Mr. Caypow:

Your letter of August 14, 1967, regarding the proposed formation of a committee to study the activities of the Federal Bureau of Investigation, is received. The Bureau of Investigation, FBI, is the only law enforcement agency in the United States. It is the only agency that is authorized to investigate and prosecute federal crimes. It is the only agency that is authorized to maintain a national file on all persons who are considered to be a threat to the national security. It is the only agency that is authorized to maintain a national file on all persons who are considered to be a threat to the national security. It is the only agency that is authorized to maintain a national file on all persons who are considered to be a threat to the national security.

Sincerely yours,

15/

John E. Casper

Director, FBI

10 SEP 24 1967

b6
b7C

Mr. Otto



APPROVED:

Director
Exec. AD-Adm.
Exec. AD-Inv.
Exec. AD-LES

Adm. Serv.
Crim. Inv.
Ident.
Inspection
Intell.
Laboratory
Legal Coun.

Off. of Cong. & Public Affs.
Off. of Lia. & Intl. Affs.
Rec. Mgmt.
Tech. Servs.
Training

SEE NOTE PAGE 2

- Exec AD Adm. 1
- Exec AD Inv. 1
- Exec AD LES 1
- Asst. Dir.: 1
- Adm. Servs. 1
- Crim. Inv. 1
- Ident. 1
- Insp. 1
- Intell. 1
- Lab. 1
- Legal Coun. 1
- Off. Cong. & Public Affs. 1
- Rec. Mgmt. 1
- Tech. Servs. 1
- Training 1
- Off. Liaison & Int. Affs. 1
- Telephone Rm. 1
- Director's Sec'y 1

MAIL ROOM

OCT 02 1967

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NOTE: On August 25, 1987, [redacted] TSD, advised SSA [redacted] Public Corruption Unit, that TSD received the following categories of records on August 20, 1987:
(1) Subscriber information; (2) Car telephone records; (3) Daily log of incoming calls to telephone number [redacted] and
(4) Daily log of incoming calls to telephone number [redacted].
TSD was requested to process these records through the [redacted] [redacted] stated that it would take about two to three weeks to complete the analysis.

Memorandum



Exec AD Adm. _____
 Exec AD Inv. _____
 Exec AD LES _____
 Asst. Dir.:
 Adm. Servs. _____
 Crim. Inv. _____
 Ident. _____
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 Lab. _____
 Legal Coun. _____
 Off. Cong. & Public Affs. _____
 Rec. Mgnt. _____
 Tech. Servs. _____
 Training _____
 Telephone Rm. _____
 Director's Sec'y _____

SEP

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 RHP

To : Mr. Otto

Date

9/29/87

b6
 b7C

From :

Subject :

MICHAEL K. DEEVER,
 FORMER DEPUTY CHIEF OF STAFF
 AND ASSISTANT TO THE PRESIDENT;
 ETHICS IN GOVERNMENT ACT OF 1978 (EIGA);
 CONFLICT OF INTEREST;
 OO: FBIHQ

PURPOSE: To request that the Polygraph Unit, Laboratory Division, conduct polygraph examinations for Independent Counsel (IC) Whitney North Seymour, Jr., who is investigating captioned matter.

RECOMMENDATION: That the Polygraph Unit conduct examinations as requested by IC Seymour by letter dated 9/29/87.

APPROVED:

Director _____
 Exec. AD-Adm. _____
 Exec. AD-Inv. _____
 Exec. AD-LES _____
 Adm. Servs. _____
 Crim. Inv. _____
 Ident. _____
 Inspection _____
 Intell. _____
 Laboratory _____
 Legal Coun. _____
 Off. of Cong. & Public Affs. _____
 Off. of Lia. _____
 & Intl. Affs. _____
 Rec. Mgnt. _____
 Tech. Servs. _____
 Training _____

DETAILS: By letter dated 9/29/87, IC Seymour requested that the FBI conduct polygraph examinations of [redacted] and [redacted], who are both employees of [redacted].

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b2

The polygraph of [redacted] is scheduled for 9:00 a.m. 9/30/87, [redacted] Washington, D.C. The polygraph of [redacted] is tentatively scheduled for Thursday, 10/1/87, at the same location. The polygraphs of both individuals are being coordinated with Supervisory Special Agent [redacted].

1 - Mr. Otto

1 - [redacted]

(Attn: [redacted])

1 - [redacted]

b6
 b7C

MF:smg (4)

AIRTEL

AUG 28 1987

Acting Director, FBI

ALL SACs

FTC/
mt

ETHICS IN GOVERNMENT ACT OF 1978 MATTERS

The Administrative Services Division recently assigned major case numbers, as indicated, to the following Ethics in Government Act (EIGA) matters:

✓ Michael K. Deaver
Former Chief of Staff to the President
Major Case 7
Bufile 211-25

[Redacted]

[Redacted]

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[Redacted]

Each SAC is requested to ensure that all Agent personnel record their time in these matters to the appropriate major case number on their number three registers. Part II, Section 3-2.3.1, pages 361 and 362 of the Manual of Administrative Operations and Procedures provides further explanation of this procedure. In addition, the major case number should thereafter be carried as part of the case title.

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b7C

- 1 - Mr. Otto
- 1 - Mr. Revell
- 1 - Mr. Glover
- 1 - Each Assistant Director (Mr.)

[Redacted]

[Redacted]

- 1 - Director's Secretary
- 1 - Manuals Desk

[Redacted]

st

NOT RECORDED

SEP 14 1987

97 SEP 17 1987

SEE NOTE PAGE 2

NOTE: The purpose of this ALL SACs airtel is to inform the field of the assignment of Major Case numbers to all current Ethics in Government Act (EIGA) cases and to request that all agents working EIGA matters record same on their TURK. This is necessary to properly reflect the commitment of Bureau manpower to particular EIGA matters.

APPROVED:

	Adm. Servs.	Off. of Cong. & Public Affs.
	Crim. Inv.	Off. of Lia.
	Ident.	Ext. Affs.
Director	Inspection	Rec. Mgmt.
Exec AD-Adm.	Intell.	Tech. Servs.
Exec AD-Inv.	Laboratory	Training
Exec AD-LES	Legal Coun.	

1

026

JANUARY 6, 1988

UNCLASSIFIED

ROUTINE

FM DIRECTOR, FBI {211-25}

TO SAC, WFO

BT
UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978;
CONFLICT OF INTEREST; MAJOR CASE 7; 00: FBIHQ

FOR THE INFORMATION OF SAC, WFO, INDEPENDENT COUNSEL {IC}
WHITNEY NORTH SEYMOUR, JR., ADVISED THE DIRECTOR BY LETTER DATED
DECEMBER 28, 1987, THAT WFO SAS [REDACTED] AND [REDACTED]
[REDACTED] WILL BE RETURNING TO WFO ON JANUARY 11, 1988.

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IN THE LETTER, IC SEYMOUR EXPRESSED HIS APPRECIATION FOR THE
VALUABLE ASSISTANCE PROVIDED TO HIM BY SAS [REDACTED] AND [REDACTED]
SINCE THEIR ASSIGNMENT TO HIS STAFF ON MAY 29, 1986. IC SEYMOUR
FURTHER ADVISED THAT HE WOULD BE WRITING SEPARATE LETTERS TO THE
DIRECTOR COMMENTING ON THE INDIVIDUAL WORK OF SAS [REDACTED] AND
[REDACTED].

b6
b7C

BT |

FIC/agg
1 - [REDACTED]

[REDACTED]

1/6/88 3849

[REDACTED]

68 APR 29 1988

DO NOT WRITE IN THESE SPACES

SSB
CLASS
C O'D
R
REC

SAC, Washington Field Office (211-07)

10/28/87

Acting Director, FBI

1 -

MICHAEL K. DEEVER
ETHICS IN GOVERNMENT ACT, 1978
CONFLICT OF INTEREST
OO: BUREAU

b6
b7C

A technical review of the polygraph examination documents pertaining to the examination of [redacted] on [redacted] has been completed. Review personnel concur with examiner's conclusion.

All documents are enclosed herewith, for appropriate filing.

1 - Washington Field Office (94-444)

Enclosures (7)

JKM:rdm (5)

"ENCLOSURE ATTACHED"

2 - [redacted]

John P. [redacted]
[redacted]

[redacted]

Substantive [redacted]

TO NOV 3 1987

Exec AD Adm. _____
Exec AD Inv. _____
Exec AD LES _____
Asst. Dir.: _____
Adm. Servs. _____
Crim. Inv. _____
Ident. _____
Insp. _____
Intell. _____
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Public Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____
Telephone Rm. _____
Director's Sec'y _____

MAIL ROOM ☐

SSP
LASS
RC'D
SER
REC

SAC, WFO (211-07)

11/2/87

Acting Director, FBI

1 - [redacted]

b6
b7C

MICHAEL K. DEEVER,
FORMER DEPUTY CHIEF OF STAFF
AND ASSISTANT TO THE PRESIDENT;
ETHICS IN GOVERNMENT ACT OF 1978
CONFLICT OF INTEREST
OO: FBIHQ

A technical review of the polygraph examination documents pertaining to the examination of [redacted] on [redacted] by SA [redacted] FBIHQ has been completed. Review personnel concur with examiner's conclusion.

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All documents are enclosed herewith, for appropriate filing.

1 - Washington Field Office (94-444)

Enclosures (10)

JKM:rdm (5)

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- rec AD Adm. _____
- rec AD Inv. _____
- rec AD LES _____
- est. Dir.:
- Adm. Servs. _____
- Crim. Inv. _____
- Ident. _____
- Insp. _____
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- Lab. _____
- Legal Coun. _____
- Off. Cong. & Public Affs. _____
- Rec. Mgnt. _____
- Tech. Servs. _____
- Training _____
- Telephone Rm. _____
- Director's Sec'y _____

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FEDERAL GOVERNMENT

December 2, 1987

Honorable Whitney North Seymour, Jr.
Office of Independent Counsel
United States Courthouse
One Marshall Place
Washington, D.C. 20001

Dear Mr. Seymour:

Enclosed are copies of 70 newspaper articles relating to your investigation of Michael K. Deaver.

The Public Corruption Unit, White-Collar Crime Section, Criminal Investigative Division, FBI Headquarters, will continue to collect and provide those articles to you.

If I can be of any further assistance to you, please do not hesitate to let me know.

Sincerely yours,

191 12-11-87
Floyd T. Clarke
Assistant Director
Criminal Investigative Division

Enclosures (70)

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Public Affs. _____
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Director's Sec'y _____

NOTE: The PCU, WCCS, periodically provides newspaper articles regarding MICHAEL K. DEEVER to Independent Counsel SEYMOUR for any assistance or interest they may be to him.

WRE:mkc (11)

APPROVED:

Adm. Servs. _____
Off. of Cong. & Public Affs. _____
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Director's Sec'y _____

2 OCT 10 1988

Memorandum



Exec AD Adm. ☒
 Exec AD Inv. ☒
 Exec AD LES ☒
 Asst. Dir.:
 Adm. Servs. ☒
 Crim. Inv. ☒
 Ident. ☒
 Insp. ☒
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 Rec. Mgnt. ☒
 Tech. Servs. ☒
 Training ☒
 Telephone Rm. ☒
 Director's Sec'y ☒

To : The Director

Date 12/24/87

From : *[Signature]* F. I. Clarke

Subject : MICHAEL K. DEAVER,
 FORMER DEPUTY CHIEF OF STAFF AND
 ASSISTANT TO THE PRESIDENT;
 ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
 CONFLICT OF INTEREST;
 OO: FBIHQ

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PURPOSE: To advise you that the investigation of captioned matter has been completed.

RECOMMENDATION: None. For information only.

APPROVED: *[Signature]*
 Director *[Signature]*
 Exec AD-Adm. *[Signature]*
 Exec AD-Inv. *[Signature]*
 Exec AD-LES *[Signature]*

Adm. Servs.	Off. of Cong. & Public Affs.
Crim. Inv.	Off. of Lia. & Intl. Affs.
Ident.	Rec. Mgnt.
Inspection	Tech. Servs.
Intell.	Training
Laboratory	
Legal Coun.	

DETAILS: By letter dated 4/30/86, Stephen S. Trott, Assistant Attorney General (now Associate Attorney General), Department of Justice, requested the FBI to conduct an inquiry into allegations that Michael K. Deaver violated the laws of the EIGA.

On 5/29/86, the U.S. Court of Appeals, District of Columbia, appointed Whitney North Seymour, Jr., as IC to investigate the allegations against Deaver.

Four WFO SAs were detailed to assist IC Seymour in June, 1986. Two of those SAs returned to WFO following the Federal grand jury indictment of Deaver on 2/25/87 on five counts of perjury.

On 12/16/87, Deaver was convicted on three counts of perjury by a trial jury, U.S. District Court, District of Columbia.

- 1 - Mr. Revell
- 1 - Mr. Sharp
- (Attn: *[Redacted]*)
- 1 - Mr. Clarke
- 1 - *[Redacted]*
- 1 - *[Redacted]*

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- 1 - *[Redacted]*
- 1 - *[Redacted]*
- 1 - *[Redacted]*
- 1 - *[Redacted]*
- 1 - *[Redacted]*
- 1 - *[Redacted]*
- 1 - *[Redacted]*

MRF:smg (12)

(CONTINUED - OVER)

Memorandum from F. I. Clarke to The Director
Re: Michael K. Deaver, Former Deputy Chief of Staff and
Assistant to the President; Ethics in Government Act of 1978
(EIGA) - Conflict of Interest; OO: FBIHQ

On 12/22/87, SAs [] and []
advised that they have completed their assigned duties with IC
Seymour and that they will be returning to their duty station at
WFO on 1/4/87. SA [] also advised that IC Seymour will
advise you separately of the termination of their assignment to
him.

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SAC, WFO is being advised separately of the SAs' return
to WFO.

Exec AD Adm. _____
 Exec AD Inv. _____
 Exec AD LES _____
 Asst. Dir.: _____
 Adm. Servs. _____
 Crim. Inv. _____
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 Public Affs. _____
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 Training _____
 Off. Liaison & _____
 Int. Affs. _____
 Telephone Rm. _____
 Director's Sec'y _____

9/23/88

Director Sessions:

RE: MICHAEL K. DEAVER, FORMER
 DEPUTY CHIEF OF STAFF AND
 ASSISTANT TO THE PRESIDENT;
 ETHICS IN GOVERNMENT ACT OF
 1978 (EIGA); CONFLICT OF
 INTEREST; OO: FBIHQ

Michael K. Deaver was sentenced this morning.

As you will recall, Deaver was convicted on 12/16/87 of three counts of perjury following a jury trial presided over by U.S. District Court Judge Thomas P. Jackson, District of Columbia. The perjury counts dealt with Deaver's testimony before a Federal grand jury and a House subcommittee. His testimony related to his lobbying activities in the areas of acid rain, tax benefits for Puerto Rico, Trans World Airlines and trade matters with Korea. Deaver was the first individual convicted under the Independent Counsel provisions of EIGA.

This morning, Judge Jackson sentenced Deaver to three years imprisonment on each perjury count and ordered him to pay a \$100,150 fine. The prison term was suspended and Deaver was placed on three years probation with the stipulations 1) that he not engage in any lobbying activity for that period; 2) that he provide 1500 hours community service; and 3) that he pay the fine in full. All of the above were suspended pending appeal.

F. I. Clarke

- 1 - Mr. Revell
- 1 - Mr. Clarke



- 1 - Special Assistants, CID

WCM:ta (10)

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Handwritten notes:
 9/23/88
 w/TP

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Memorandum



Dep. Dir. _____
 ADD Adm. _____
 ADD Inv. _____
 Asst. Dir.: _____
 Adm. Servs. _____
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 Off. of EEO _____
 Off. Liaison & _____
 Int. Affs. _____
 Off. of Public Affs. _____
 Telephone Rm. _____
 Director's Office _____

To : Assistant Director
 Information Resources Division (IRD)

Date 10/24/97

From : Div 6

Subject : *Michael J. Deaver*

PURPOSE: To designate file # _____ or other material identified herein for handling by the SFR as indicated. For new cases, the SFR will insert the file number, but depositors should specify classification and alpha desired for file.

1. The attached file/document should receive special restricted processing and access in the SFR for the reasons set forth below:

2. The Control Officer for file number _____ is designated as the Unit Chief of the _____ Unit; Extension _____, Room _____, Alternate Control Officer is the Section Chief of the _____ Section; Extension _____, Room _____, Division _____

3. The following entities will be granted direct access to this file/document with the understanding that no information contained therein may be used or extracted without the knowledge and concurrence of the depositor.

- a. FOIPA Section, IRD
- b. Executive Agencies Dissemination Unit, IRD
- c. Legal Counsel Division
- d. Director's Office

4. File # 211-25 should be removed from the SFR and placed in general filing space. Authorized by SSA/PCV (Signature and Title).

5. The code word/name _____ should be indexed and assigned to this investigation entitled: _____

CLASSIFICATION:

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 5/7/86

On May 7 1986 [redacted]
[redacted] U.S. DEPARTMENT OF STATE, telephone
number [redacted] was telephonically contacted by Special
Agent (SA) [redacted]

[redacted] At the outset of the conversation, SA [redacted] asked whether or not any determination had been made by the STATE DEPARTMENT with regard to the FEDERAL BUREAU OF INVESTIGATION's (FBI) request to interview four (4) Canadians in connection with the DEEVER investigation. [redacted] indicated that he had spoken to his Legal Division just this morning, however, was restricted from moving on the question of interviews until he receives an answer from his legal people.

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[redacted] indicated that he would recontact SA [redacted] as soon as a decision had been made regarding these interviews.

[redacted] provided no additional pertinent information.

Investigation on 5/7/86 at Washington, D.C. File #211-7

by SA [redacted] TET:tmc Date dictated 5/7/86

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This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

FEDERAL BUREAU OF INVESTIGATION

1Date of transcription 5/8/86

On May 7, 1986, [] National Security Council Staff, Executive Office of the President was telephonically contacted by Special Agent (SA) []. After identifying himself as a Special Agent with the FEDERAL BUREAU OF INVESTIGATION (FBI), SA [] advised [] that the FBI wanted to interview him in connection with an inquiry being conducted by the FBI regarding MICHAEL K. DEEVER. [] advised SA [] that he would be willing to meet with the FBI regarding this matter, however, he first wanted the FBI to clear the interview through the WHITE HOUSE General Counsel's Office. [] further indicated that should the General Counsel's Office provide a clearance for the interview, he could be available for an interview by the FBI on [] at approximately [].

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Investigation on 5/7/86 at Washington, D.C. Washington Field Office
by SA [] TET:cdd File # 211-7
Date dictated 5/8/86

FEDERAL BUREAU OF INVESTIGATION

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DATE: 5/6/86

[redacted]
[redacted] was contacted at the [redacted] Washington, D.C. (WDC). He was advised of the identities of the interviewing agents and the nature of the interview:

[redacted] advised that based upon various reports in the news media, specifically the New York Times, he believes that MICHAEL K. DEEVER may be involved in some conflict of interest due to his access to the White House.

He advised that he has not had any contacts with any other agency, nor could he provide any other sources of information regarding this matter.

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[redacted] added that he was not sure if Mr. DEEVER had violated any laws, but was certain Mr. DEEVER was operating in a "gray area" of the law. [redacted] further declared that [redacted] and he cannot just walk into the White House and present their views while Mr. DEEVER can represent a foreign country and have daily access.

[redacted] concluded by stating that the Senate Judiciary committee is sponsoring legislation to prevent this type of lobbying. [redacted] also advised he would re-contact the interviewing agents should he become aware of additional information concerning this matter.

Interview on 5/6/86 at Washington, D.C. File # 211-7

by SA [redacted] /ced

Date dictated 5/6/86

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FEDERAL BUREAU OF INVESTIGATION

1*

Date of transcription May 9, 1986

On May 5, 1986, SA [redacted] of the FBI, WASHINGTON FIELD OFFICE, twice, telephonically contacted [redacted] and advised her of the need for the FBI to interview the Senator regarding allegations of conflict of interest concerning former Deputy Chief of Staff and Assistant to the President MICHAEL K. DEEVER as mentioned [redacted] to Attorney General EDWIN MEESE dated April 23, 1986.

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She advised she would contact [redacted] regarding this and would telephonically advise the FBI when [redacted] would be available for interview.

On May 6, 1986, [redacted] was telephonically contacted by SA [redacted] of the FBI, WASHINGTON FIELD OFFICE regarding the need to interview [redacted] regarding the above. She stated that [redacted] was busy [redacted] and stated words to the effect "we can't jump through a hoop everytime someone wants to talk [redacted]." She advised she would contact the FBI when [redacted] is free to arrange for an interview.

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Investigation on 5/5-6/86 at Washington, D.C. File # WF 211-7
by SA [redacted] SA [redacted] EAR:cdp Date dictated 5/7/86

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 5/12/86

[redacted]
[redacted] was contacted on May 5, 1986, by Special Agent (SA) [redacted] Ohio, telephone number [redacted] who identified himself as a SA of the FEDERAL BUREAU OF INVESTIGATION (FBI). [redacted] was advised by SA [redacted] that an inquiry of MICHAEL K. DEEVER was currently being conducted based on a letter of request to the U.S. Attorney General. As [redacted] was a signatory to the letter, it was necessary to interview him to determine if he had any information which may assist the FBI in this matter. [redacted] [redacted] advised he would brief the Senator and contact SA [redacted].

On May 5, 1986, SA [redacted] re-contacted [redacted] who advised that he had briefed the Senator and that the Senator realized the importance of this matter and would schedule an interview within the next two days. No further contact with [redacted] was made after this call. No other attempts were made to contact Senator [redacted].

Investigation on 5/5/86 at Washington, D.C. File# WFO 211-7
by SA [redacted] MFR:ldf Date dictated 5/5/86

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FEDERAL BUREAU OF INVESTIGATION

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Date of transcription 5/12/86

On May 5, 1986, [REDACTED]

[REDACTED] was twice telephonically contacted by SA [REDACTED] of the FBI, WASHINGTON FIELD OFFICE, Washington, D.C. concerning the possibility of interviewing [REDACTED] regarding his knowledge of conflict of interest allegations concerning former Deputy Chief of Staff and Assistant to the President MICHAEL K. DEEVER,

[REDACTED] dated April 23, 1986. She advised that [REDACTED] was in Vermont and would be returning to the office on May 6, 1986. She advised she would make him aware of the need for the FBI to interview him regarding this matter and would call back.

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On May 6, 1986, [REDACTED]

[REDACTED] was telephonically contacted by SA [REDACTED] and she advised that [REDACTED] and she stated that [REDACTED] had told her that he has no further information concerning allegations of conflict of interest regarding MICHAEL K. DEEVER and that [REDACTED]

[REDACTED] was advised of the need for a personal interview and she advised she would call the FBI when [REDACTED] would be available.

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Investigation on 5/5-6/86 at Washington, D.C. File # WF 211-7

by SA [REDACTED] EAR:cdp/ldf Date dictated 5/7/86

FEDERAL BUREAU OF INVESTIGATION

Date of transcription May 7, 1986

On May 5, 1986, SA [] telephonically contacted [] GOVERNMENT ACCOUNTING OFFICE (GAO), Washington, D.C., telephone number []. At the outset, SA [] advised [] that at the request of the DEPARTMENT OF JUSTICE, Office of Public Integrity, they were investigating allegations of possible violations of federal criminal statutes by Mr. MICHAEL K. DEEVER. Such allegations, among others, include violations involving possible conflict of interest during Mr. DEEVER's employment as Deputy White House Chief of Staff, as well as in his business activities since he left government employment in May, 1985. SA [] advised that he was aware that the GAO was conducting a similar investigation and requested permission to review the GAO files regarding this investigation. [] stated that the GAO was ready to release a report and that she would have to check with her superiors before being able to release any information. [] then asked the name of the DEPARTMENT OF JUSTICE attorney handling this matter and was told it was []. [] said she would contact [] to discuss this matter further and then get back to SA [].

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On May 6, 1986, SA [] again contacted [] regarding access to the GAO files. [] advised that she had been discussing the matter with [] and that on Friday, May 9, 1986 the GAO was releasing an audit report on its findings and recommending that the matter be referred to the DEPARTMENT OF JUSTICE. [] advised that the FBI could have free access to the GAO files once the GAO report was made public.

Investigation on 5/5/86-5/6/86 at Washington, D.C. File# 211-7

By SA [] DJM:cdp Date of dictation 5/7/86

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This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

FEDERAL BUREAU OF INVESTIGATION

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Date of transcription May 9, 1986

[redacted] GENERAL ACCOUNTING OFFICE (GAO), 4th and G Street, N.W., Washington, D.C. provided to SA [redacted] of the FBI copies of all documentation regarding the MICHAEL K. DEEVER alleged conflict of interest investigation conducted by GAO, which is attached.

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She further provided the names of the individuals at GAO who conducted the investigation and advised they would be made available for interview if needed. They are [redacted] and [redacted], telephone number [redacted] number [redacted] telephone [redacted]

Investigation on 5/9/86 at Washington, D.C. File # WF 211-7
by SA [redacted] EAR:cdp Date dictated 5/9/86

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FEDERAL BUREAU OF INVESTIGATION

1Date of transcription 5/8/86

On May 7, 1986, Special Agent (SA) [redacted] telephonically contacted [redacted]. [redacted] advised [redacted] that he had earlier in the day contacted [redacted] and had requested an interview regarding the FBI inquiry into the DEEVER matter. SA [redacted] further advised [redacted] that [redacted] had referred SA [redacted] to the General Counsel's Office for clearance of the interview. At this point, SA [redacted] advised [redacted] that hereafter, he would contact the General Counsel's Office of the WHITE HOUSE with any request for an interview of any employee that fell within the domaine of WHITE HOUSE authority. [redacted] agreed that that would be the appropriate procedure to follow at this time and advised SA [redacted] that he would recontact him in the near future regarding the request to interview COBB.

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Investigation on 5/7/86 at Washington, D.C. File # Washington Field Office 211-7
by SA [redacted] TET:cdd Date dictated 5/8/86

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FEDERAL BUREAU OF INVESTIGATION

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Date of transcription 5/13/86

[redacted]
[redacted] telephone number [redacted], home address [redacted]
[redacted] phone number [redacted] was interviewed by Special Agents (SA's) [redacted] and [redacted] who identified themselves as SA's of the Federal Bureau of Investigation (FBI). At the outset of the interview Special Agent [redacted] advised [redacted] that he was being interviewed in connection with the MICHAEL K. DEEVER inquiry. [redacted] advised as follows:

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[redacted] stated that he has been employed at [redacted] approximately two years. He stated prior to coming to [redacted] for he was [redacted] at the [redacted]. He advised that as the [redacted] he was involved in Public Affairs for both companies and aided in developing media strategies that affect both companies. He further advised that from [redacted] he was [redacted]

[redacted] who was [redacted]. He stated that when [redacted] was first appointed he was asked by him to [redacted]. He stated that he scheduled all appointments and meetings with various industry groups, senators, governors and other public officials. He also dealt with the White House specifically, [redacted] who is [redacted] and is now with [redacted] who was [redacted].

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He advised that in regard to the meeting which took place between [redacted] and the Canadian Delegation including MICHAEL K. DEEVER on October 25th, while he was not present, he was responsible for scheduling that meeting. He advised that the meeting was initiated by the Canadians in that it was done by [redacted] who is an [redacted]. He stated that the Canadians were interested in a place and time which was convenient for [redacted]. He stated that to his knowledge MICHAEL K. DEEVER never called regarding this meeting and no calls from the United States Special Envoy Office went to DEEVER. He further advised that he does not

Investigation on 5/8/86 at New York, New YorkWASHINGTON FIELD
OFFICE 211-7

SA's [redacted]

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by

EAG:mab

Date dictated 5/12/86

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Continuation of FD-302 of [REDACTED]

WFO 211-7

On 5/8/86

Page 2

know DEEVER himself and he stated he has never spoken to nor received any type of written communication from him.

He has no first hand knowledge of what was discussed at this meeting and thus could not make any comments concerning it. He advised that, to his knowledge, he has not heard MICHAEL DEEVER's name mentioned with regard to the acid-rain issue and he stated that he (DEEVER) was not an influence regarding this matter. He advised that he had read that MICHAEL DEEVER had been hired by the Canadians to represent them regarding certain issues concerning United States-Canadian relations. He stated that he assumes DEEVER was present at this particular meeting to represent Canadian issues and possibly influence the outcome.

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He stated he is not aware of any telephonic or written communication regarding acid-rain from [REDACTED] to MICHAEL K. DEEVER; however, he did advise that when he and [REDACTED] were present in Washington, D.C. in August of 1985 for a meeting with industry groups regarding acid-rain, [REDACTED] met with DEEVER for approximately ten minutes at the FOUR SEASONS HOTEL, Washington, D.C., where they were staying. He advised that he was not present and thus could not give any details of the conversation. He did state, however, that [REDACTED] stated that the meeting with DEEVER involved the Presidential Library which is being constructed at the HOOVER INSTITUTE located at STANFORD UNIVERSITY in Palo Alto, California. He advised that [REDACTED] told him that DEEVER asked his assistance in fund raising for the Library, he [REDACTED] also advised DEEVER is Chairman of the Committee for the building of the RONALD REAGAN LIBRARY.

He advised that he is not aware of any of the other allegations regarding alleged conflict of interest concerning MICHAEL K. DEEVER.

He advised that [REDACTED] is a very independent individual and he stated that he did not believe DEEVER would have any influence with him which would effect any outcome concerning the acid-rain issue.

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[REDACTED] then supplied the interviewing agents with a copy of a list of all meetings regarding acid-rain that were attended by [REDACTED]. These records were personally maintained in his

Continuation of FD-302 of [REDACTED]

WFO 211-7

On 5/8/86

Page 3*

office. He advised that based upon the schedule, MICHAEL K. DEEVER only attended one meeting and that was on October 25, 1985 in New York. [REDACTED] also advised that Canadian Ambassador GOTLIEB was present at many of the acid-rain meetings maintaining a high profile and supporting the special envoy process. He further stated that in regard to the meeting held on October 25, 1985 at the RIVER CLUB in New York, the Canadians, to his knowledge, never mentioned why DEEVER was present at the meeting nor why a meeting should be held.

[REDACTED] advised that WILLIAM DAVIS, the former Canadian Special Envoy for acid-rain, is now employed as an attorney at the TORY, TORY DESLAURIERS AND BINNINGTON, located in the IBM Tower, Toronto - Dominion Centre, Suite 3200, Toronto, Canada, telephone number (416) 865-0040. He further advised that ANDREA BELLANGER, formerly worked for the Environmental Protection Agency (EPA) and is married to an American. He further stated that she is an American citizen who lives in Toronto, Canada. He advised that she was responsible for handling the news media and scheduled meetings for WILLIAM DAVIS when he was Special Envoy for Canada regarding the acid-rain project.

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[REDACTED] stated that he could provide no further information regarding MICHAEL DEEVER and he advised that he would cooperate fully with the FBI regarding this matter.

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 5/12/86

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[redacted]
[redacted] telephone
number [redacted] was contacted by Special Agents [redacted]
[redacted] and [redacted] who identified themselves as
Special Agents of the Federal Bureau of Investigation.
At the outset of the interview, [redacted] was advised by SA
[redacted] that he was being interviewed in connection with
the MICHAEL K. DEEVER inquiry. [redacted] advised as follows:

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He has been [redacted]
[redacted] Prior to that he was [redacted]
[redacted]. He has worked for [redacted]
[redacted]. As was previously practiced
[redacted] he routinely reviews that appointment schedule
for [redacted] one or two days in advance. One day in late
February, 1986, he noticed that MICHAEL K. DEEVER was scheduled
to have a 30 minute meeting with [redacted] around 3:00
p.m. on February 27, 1986. Having just read a TIME magazine
article on DEEVER as a lobbyist who is barred by law from
contacting White House Officials until May, 1986, he advised
[redacted] he [redacted] would research the legality of a [redacted]
DEEVER meeting as well as contact [redacted]
[redacted].

He contacted [redacted] by phone the next day and
after a careful examination of the facts, he and [redacted]
concurred that there did not appear to be any legal or
ethical problems as a result of this meeting. He so informed
[redacted] but cautioned [redacted] not to discuss the contents
of the DEEVER meeting with anyone in the West Wing of
the White House as this would have the same affect of DEEVER
talking to them directly. [redacted] agreed and requested
that [redacted] attend. [redacted] invited [redacted]
[redacted] to also attend the meeting. He
cautioned [redacted] prior to the meeting that DEEVER did not
want to see him because they are good friends but because
DEEVER represents a defense contractor, Rockwell International.

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Investigation on 5/7/86 at Washington, D.C. File # WFO 211-7

by SAs [redacted] MFR:cjc Date dictated 5/7/86

Continuation of FD-302 of WFO 211-7; [redacted], On 5/7/86, Page 2

He further advised [redacted] that DEEVER's aim was to plant in their minds Rockwell's viewpoint.

The DEEVER [redacted] meeting went off as scheduled at approximately 3:00 p.m., February 27, 1986, in [redacted] office, Room 252. The meeting was cordial in nature and lasted around thirty minutes. The first ten minutes of the meeting was devoted to DEEVER's comments on the B-1 Bomber which consisted of DEEVER's verbally listing all the advantages of buying proven technology at a lower price versus unproven technology at a higher price. No promises or commitments were made by any of the participants. The remaining twenty minutes were used to discuss the budget and how best to sell it. DEEVER emphasized to [redacted] that the President had always been for a strong national defense while attempting to hold down spending on domestic programs. The meeting ended without much fanfare and DEEVER advised [redacted] he would mail him a list of questions on the future bomber mix (B-52, B-1, Stealth).

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He advised he can only guess as to why DEEVER lobbied [redacted] but it is logical to assume that DEEVER had to get the message across for his client and the Director of OMB is as good a place to start as any. He could only assume that DEEVER wanted [redacted] to relay the message to the West Wing of the White House. [redacted] did not do this and instead only responded to DEEVER two days later by scribbling comments on a thank you note from DEEVER and returning the note after making a copy. To the best of his recollection, the list of bomber questions were sent to [redacted].

[redacted]. No other action was taken as a result of DEEVER's visit.

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He has had no personal or professional contact with DEEVER that he can recall. There have been no phone calls or written communications with DEEVER during his [redacted] government career. He does not think DEEVER has violated any part of the ethics in Government Act of 1978 and did not think anything of DEEVER's visit with

Continuation of FD-302 of WFO 211-7; [redacted], On 5/7/86, Page 3

[redacted] He is familiar with the other alleged violations involving DEEVER by following the case in the media. He does not have any first hand knowlegde of any other incidents. [redacted] finally advised that he temporarily resides at [redacted] while his permanent residence is [redacted]

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At the conclusion of the interview, [redacted] made available to the interviewing agents the below listed copies of documents. [redacted] advised he maintained these documents in his personal records in his office at [redacted]. These documents were also provided to the Honorable JOHN D. DINGELL, Chairman, Subcommittee on Oversight and Investigations, U.S. House of Representatives, Washington, D.C.

1. Memo, dated February 20, 1986, to Director, OMB, Subject: Pending Meetings For Your Approval.
2. Memo, dated February 26, 1986, to the Director, OMB, from JEFF EISENACH, OMB, Subject: Meeting With MIKE DEEVER, 2/27/86. Attached to the memo was a briefing paper by DAVE STIRIN, OMB, Subject: Air Force Bomber Programs.
3. A sheet of paper from the Executive Office of the President, OMB, dated February 25, 1986, Entitled: "Directors Schedule for the Week of February 28th".
4. A page from the desk calender of the Director, OMB, showing a meeting with DEEVER at 2:30 p.m., February 27, 1986.
5. A memo dated Febuary 26, 1986, to JIM MILLER from JACK CARLEY, Subject: Meeting with MIKE DEEVER.
6. A letter from MICHAEL K. DEEVER and Associates to JIM MILLER dated February 28, 1986. Attached to this letter is the list of questions DEEVER referred to in his meeting with MILLER.

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 5/12/86

1

[redacted]
Office of Management and Budget (OMB), Room 250, Old Executive Office Building (EOOB), Washington, D.C., telephone number [redacted] was interviewed by Special Agents (SA's) [redacted] and [redacted] who identified themselves as SA's of the Federal Bureau of Investigation. At the outset of the interview, SA [redacted] advised [redacted] that he was being interviewed in connection with the MICHAEL K. DEEVER inquiry. [redacted] advised as follows:

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He has been at OMB since March, 1985. Prior to this, he was at the Federal Trade Commission (FTC) working for [redacted] starting in October, 1981. At the FTC he was Director of Consumer Protection and Director of the Bureau of Competition. He taught Law School at the UNIVERSITY OF MIAMI, Miami, Florida, prior to his government service. He currently resides at 7115 Captain's Cove Court, Alexandria, Virginia, telephone number 971-4460.

He attended the DEEVER-[redacted] meeting in [redacted] office the afternoon of February 27, 1986 with [redacted] OMB. He cannot recall the meeting very well but could remember DEEVER mentioning the B-1 Bomber and Rockwell International. The only significant comment he can remember about the B-1 Bomber was that it was a proven aircraft which would cost less than the new stealth bomber. The remainder of the meeting involved [redacted] questioning DEEVER about how best to sell the President's budget. This was the primary reason MURIS attended the meeting as he had no interest in the B-1. He does recall that [redacted] did not ask any questions on the B-1 and was most interested in budget matters. He remembers DEEVER stating that he would mail [redacted] a list of questions concerning the bomber mix for the future. The meeting ended after about thirty minutes.

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He had no knowledge of other alleged conflicts of interest by DEEVER other than what he read in the paper.

Investigation on 5/7/86 at Washington, D.C. File # WFO 211-7

by SAs [redacted] EAR:cjc Date dictated 5/7/86

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b7CContinuation of FD-302 of WFO 211-7; [REDACTED], On 5/7/86, Page 2

He did know that there was an apparent conflict between the White House and OMB over acid rain and what it would cost to remedy the problem. He had no opinion as to the why DEAVER was lobbying OMB other than earning a salary from his client. He could not see any conflict of interest by DEAVER in the B-1 matter.

FEDERAL BUREAU OF INVESTIGATION

Date of transcription May 13, 1986

On May 7, 1986, [redacted]

[redacted] telephone number [redacted]
telephonically contacted SA [redacted]. It should be
noted that [redacted] was returning an earlier phone call from SA
[redacted]. The following matters were discussed:

[redacted] advised that he does not think it necessary for the FBI or the DEPARTMENT OF JUSTICE to formally request by letter any and all data showing contact by MICHAEL DEEVER with any person and/or component of the Executive Office of the President regarding certain issues, as enumerated by the FBI in a meeting between Special Agents [redacted] and [redacted] at the White House on May 5, 1986. [redacted] further advised that he plans to discuss this request by the FBI/DEPARTMENT OF JUSTICE, with [redacted] who is [redacted] upon his return from the Tokyo Summit on Thursday, May 8, 1986. [redacted] reiterated his intention that he made known to SA's [redacted] and [redacted] on May 5, 1986, whereupon he planned to canvass all of the substantive White House officials that may have had contact with DEEVER and request that they provide the circumstances surrounding each contact.

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At this point, SA [redacted] advised [redacted] that the FBI was also interested in obtaining the results of any investigation that has been conducted by the Office of the U.S. TRADE REPRESENTATIVE with respect to Conflict of Interest allegations against [redacted]. [redacted] advised that it would perhaps be more advantageous for the FBI to directly contact the General Counsel of the Office of the U.S. TRADE REPRESENTATIVE to obtain that information.

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SA [redacted] further advised [redacted] that the FBI had also been asked to investigate the circumstances surrounding DEEVER's efforts to have President REAGAN endorse the idea of a professional baseball team in Washington, D.C. SA [redacted]

Investigation on 5/7/86 at Washington, D.C. File # 211-7

by SA [redacted] TET:cdp Date dictated 5/7/86

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informed [] that the FBI was attempting to corroborate whether or not DEEVER caused a letter advocating baseball in Washington to be given to President REAGAN for his imprimatur. SA [] requested a copy of this letter from the White House and indicated that based on the unsubstantiated information he had, this letter was dated November 6, 1985. [] stated that he would initiate a search for the letter and would make a copy available to the FBI if located.

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In that regard, SA [] requested that [] arrange for the FBI to interview the President's secretary during the week of May 12-16, 1986. [] advised that he would recontact SA [] in the near future regarding this interview request.

FEDERAL BUREAU OF INVESTIGATION

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Date of transcription May 13, 1986

On May 9, 1986, [REDACTED]

[REDACTED] was interviewed by Special Agents (SA) [REDACTED] and [REDACTED]. It should be noted that this interview took place in [REDACTED]

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[REDACTED] telephone number [REDACTED]. After being apprised of the official identities of the interviewing SAs and the nature of the inquiry, [REDACTED] provided the following information:

[REDACTED] presently resides in Greenwich, Connecticut.

[REDACTED] responsibility at [REDACTED] is Corporate Finance which primarily involves advising clients on how to raise capital. [REDACTED] has been employed at [REDACTED] since approximately August 2, 1985. Prior to his current employment, [REDACTED] held the position of [REDACTED]

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At the outset of the interview, [REDACTED] advised that he had no knowledge of MICHAEL K. DEEVER's activities, while DEEVER served as Deputy Chief of Staff and Assistant to the President relating to the B-1 Bomber, the Government of South Korea, KIM KIHWAN, the ILHAE FOUNDATION, the DAEWOO CORPORATION, the COMMONWEALTH OF PUERTO RICO or DEEVER's reported efforts to have President REAGAN endorse a baseball team in Washington, D.C.. [REDACTED] advised however, that he was aware of certain activities on the part of DEEVER while at the White House that related to the issue of acid rain. [REDACTED] emphasized that he had absolutely no information regarding DEEVER's activities since he (DEEVER) left the White House in May, 1985.

Job Responsibility

It was DEEVER's primary responsibility to manage and coordinate trips by the President, to handle press-public relations as it pertained to the President, and to exercise

Investigation on 5/9/86 at Orlando, Florida File # BU 211-25
by [REDACTED] TET:cdp Date dictated 5/12/86
[REDACTED] b6
[REDACTED] b7C

Continuation of FD-302 of WF 211-7, On 5/9/86, Page 2

some control over the President's daily schedule. Although, DEEVER occasionally sat in on various Cabinet Council policy meetings, and certain ad hoc groups that met with the President, DEEVER's attendance was "very ad hoc" and he was not involved in policy formulation. DEEVER was also heavily involved in the personnel selection process within the Executive Branch of the government (Presidential appointee's). EDWIN MEESE and JAMES BAKER were equally involved in the personnel selection process during the President's first term in office.

[] saw DEEVER practically everyday at the Senior Staff Meetings and also at other meetings that DEEVER sometimes attended such as meetings with the Congressional leadership and various other outside groups.

Subsequent to the Senior Staff meeting everyday, DEEVER, MEESE and BAKER would meet with the President between 9:00 a.m. and 9:15 a.m. to advise the President of current events and discuss the President's schedule for that day.

Correspondence/Paper Flow in the White House

[] was JAMES BAKER's number one aide during President REAGAN's first term in office. [] was responsible for controlling the flow of paper into the Oval office. [] authority was not unilateral however, inasmuch as DEEVER, MEESE and BAKER and the various heads of the branches within the Executive Office of the President had substantial input. The kind of correspondence ranged from legislation to memorandams from the different offices i.e. OMB, etc.

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DEEVER originated very little "paper".

Acid Rain

[] advised that the issue of acid rain was first addressed early in President REAGAN's first term by the Cabinet Council on Natural Resources. [] explained that the Cabinet is broken down into councils which function as area subcommittees for the Cabinet, i.e., Natural Resources, Defense, etc. These Cabinet Councils were the basis for a decision making forum in the White House. Early on, the REAGAN Administration went on record opposing funding acid rain controls because it was felt that the cost of pollution control devices would be too costly and the fact that there was no scientific evidence that mid-west factories emitting coal smoke were causing acid rain in Canada. [] was an advocate of the

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Continuation of FD-302 of WF 211-7, On 5/9/86, Page 3

anti-acid rain policy within the Administration.

Sometime during the fall of 1983 [redacted] wanted to reopen the acid rain issue. [redacted] was urging the Administration to moderate its stance on acid rain. As a result, there were numerous meetings of the Cabinet Council on Natural Resources discussing this issue. President REAGAN sat in on a couple of these meetings and was kept advised. By the end of this process in the spring of 1984, it was agreed the Administration would stand pat on its previous decision on having a "no active acid rain policy". [redacted] advised interviewing SAs that he seriously doubted that DEEVER attended any of these meetings, inasmuch as the acid rain issue at this time was very technical and it was not a public issue in the U.S. at the time. [redacted] noted that DEEVER only became interested in issues when they became front page news and needed to be managed for political purposes.

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The acid rain issue was not raised again until March of 1985, just prior to the to the Canadian Summit. In the process of the normal preparation for the summit the Canadians apparently pressed American officials to revive the acid rain issue. [redacted] does not know who specifically was the "front man" for the Canadians. However, he became aware that the Canadians wanted some kind of gesture from the United States that would be indicative of some positive movement forward on this issue the Canadians considered very important and serious. Furthermore, the Canadians wanted any positive movement by the U.S. to be included in a communique at the end of the summit. According to [redacted], what the Canadians wanted required a change in policy of the Reagan Administration.

[redacted] recalled that [redacted] at the STATE DEPARTMENT was handling all the pre-summit preparation and worked closely with DEEVER's group who handled the logistics of travel and press coverage. DEEVER's group included those people under DEEVER, i.e., advance people, Secret Service, and publicity people. [redacted] was unable to recall any specific names of individuals within DEEVER's group. STATE DEPARTMENT had the substance of the Canadian Summit preparation inasmuch as that is their primary function for all summits. Prior to the summit, the STATE DEPARTMENT took the position that it didn't want acid rain to become

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Continuation of FD-302 of WF 211-7, On 5/9/86, Page 4

an issue that could ruin the summit. Therefore, the STATE DEPARTMENT wanted a modified position more favorable to the Canadians. [] noted that DEEVER was involved in the summit preparation because it was a showcase event and he was in charge of logistics and media events for these type of affairs.

During the first week of March, 1985, [] attended a formal meeting in the Situation Room of the White House on acid rain. This was the first formal meeting that [] had attended on the acid rain issue since early 1984. [] believed this meeting was presided over by []. Also in attendance was [] and []. [] was unable to recall if DEEVER attended this meeting. [] further advised that there were other attendees, however, he was unable to recall their names at this point in time. [] could not remember the exact date of this meeting.

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At this meeting, [] took a strong opposition to modifying the Administration's position on acid rain. However, [] led the charge for a modified change on acid rain that would show an understanding by the United States towards the issue and lead to a successful Canadian/American Summit. [] and [] sided with []. Although no decision was made at this meeting, [] believes the idea of a Special Envoy was discussed. At the end of this meeting, it became apparent to [] that the acid rain issue had moved into the foreign policy arena as well as the domestic and environmental one.

[] initially felt that the Special Envoy could be played both ways. His feeling was that the appointment of a Special Envoy did not require an unequivocal announcement that U.S. policy was going to change. However, on the other hand, [] knew that the Special Envoy process was a bureaucratic code word for ultimately changing the U.S. position on acid rain because it would give the Canadians the impression that the U.S. intended to solve the problem.

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Following this meeting, there was a constant series of phone calls and meetings within the White House regarding the Special Envoy. Within a matter of days, it was decided that there would be a Special Envoy to study the acid rain issue. [] advised the interviewing SAs that there was no formal meeting where it was decided

Continuation of FD-302 of WF 211-7, On 5/9/86, Page 5

that a Special Envoy would be selected, but instead as often occurs within the upper echelons of the White House, it just became apparent to [] from his discussions with the various senior officials that the decision had been made to have a Special Envoy.

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Within a couple of days following the meeting in the Situation Room, [] recalled attending one of the daily Senior Staff Meetings in the White House. [] explained that these Senior Staff meetings occurred every morning at approximately 8:00 a.m. in the Roosevelt Room of the White House and were attended by the Chief of Staff, DONALD P. REGAN, MICHAEL DEEVER, representatives from the Press Office, the Public Affairs Office, the Vice-President's Office, the Council on Economic Advisory Committee, OMB, the National Security Council, the Domestic Policy Staff, and various other White House key staffers. The meeting comprised a group of approximately 25 people. [] recalled that he brought up the acid rain issue again and launched into an adamant statement of opposition to the Special Envoy concept and the Administration's policy change towards acid rain. [] recalled that either DEEVER or REGAN almost immediately indicated that this was a sensitive issue and it was not going to be discussed at this meeting. What followed after this decision was that all the meetings regarding acid rain thereafter narrowed down to include only the very senior officials of the White House of which [] was one. [] advised that this meeting was the first time he realized that DEEVER was involved in the acid rain issue.

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Following this, the issue became: (1) drafting the charter of acid rain; and (2) selection of the individual(s) to Special Envoy. These two issues dominated the ad hoc discussions in the week prior to the Canadian Summit. [] felt it was very important for him to have an influence in drafting the charter and selecting the Special Envoy because that way he could more or less maintain a no acid rain policy in the administration.

[] recalled that in the week prior to the summit there were a lot of draft charters circulating back and forth between the White House and the DEPARTMENT OF STATE. [] further recalled that DEEVER's only concern

Continuation of FD-302 of WF 211-7, On 5/9/86, Page 6

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was that he wanted a successful summit and that the acid rain issue was a contentious point. Although DEEVER saw these draft charters, he never got involved in the substantive issue of drafting the Special Envoy charter and took the position that he wanted a resolution that would be minimally satisfactory to Canada and would further the cause for a successful summit. [] had no direct recollection of meeting personally with DEEVER about the acid rain issue, however, since DEEVER was in charge of the summit orchestration, [] did remember that DEEVER instructed him to work out an agreement with the DEPARTMENT OF STATE on this issue. [] was uncertain as to the specific time this occurred.

[] did not know who was directly responsible for selecting DREW LEWIS as the Special Envoy inasmuch as he was not involved in the selection process. [] speculated that DEEVER, the NSC, and the DEPARTMENT OF STATE must have made this decision.

Post Summit Meeting

[] advised that there was a meeting in JOHN SVAHN's office (Domestic Policy) directly after the Canadian Summit regarding acid rain. This meeting was attended by [], [], a couple of [] staffers and DREW LEWIS. [] called this meeting because he wanted to make "one last ditch effort" to perhaps convince the Special Envoy that changing the Administration's stance on acid rain was not good policy. [] wanted to make sure that LEWIS understood the issue at hand. Following the meeting, [] came away with the impression that LEWIS had been instructed by someone in the Administration to work out a compromise regarding the Canadian/American study on acid rain. DEEVER was not at this meeting nor was his name ever mentioned.

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[] advised that he has no knowledge regarding any meetings that DEEVER had with any Canadian officials prior to the summit although this would have been totally plausible as part of DEEVER's advance duties in setting up a summit.

[] had no knowledge that DEEVER ever recontacted anyone at the White House or within the Executive Office of the President regarding acid rain since he, DEEVER, left the White House in May of 1985. [] noted that

Continuation of FD-302 of WF 211-7, On 5/9/86, Page 7*

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in early March, 1985, there was a rumor floating around the White House that DEEVER had "cut a deal" with the Canadians to represent them following his departure from the White House. [] emphasized that this was just a rumor and that he could not recall the source of this rumor.

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During President REAGAN's first term in office when JAMES BAKER was the Chief of Staff, it was generally assumed that MEESE, BAKER and DEEVER were almost equal in influence and authority. In that regard, [] was not aware of any policy that provided DEEVER with the authority to assume the Chief of Staff position when BAKER was away. With respect to President REAGAN's second term in office where DONALD REGAN is the Chief of Staff, [] knew of no arrangement wherein DEEVER would assume the position of Chief of Staff when REGAN was on travel or away from his job. [] noted that ROBERT MCFARLANE took most of the National Security issues to President REAGAN and that he and JAMES BAKER took most of the domestic policy issues to President REAGAN. According to [] DEEVER was not in the "policy flow" process. [] recalled that as a general matter, DEEVER attended most of the defense/budget decision meetings in the White House because they were important issues. [] recalled that the B-1 bomber was probably discussed at some of these meetings and it is conceivable that DEEVER was in attendance at some of these meetings. However, [] did not have a specific recollection of this and noted that if DEEVER were at any of these meetings, he played an insubstantial role and he had no recollection of DEEVER uttering a word at the meetings. [] noted that DEEVER attended these meetings more for informational purposes and had no input into the decision making process.

[] provided no additional pertinent information.

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 5/7/86

On May 7, 1986, SAM FROMOWITZ, Deputy Director of the Office of Canadian Affairs, U.S. DEPARTMENT OF STATE, telephone number 202-647-3135, was telephonically contacted by Special Agent (SA) [REDACTED]

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At the outset of the conversation, SA [REDACTED] asked FROMOWITZ whether or not any determination had been made by the STATE DEPARTMENT with regard to the FEDERAL BUREAU OF INVESTIGATION's (FBI) request to interview four (4) Canadians in connection with the DEEVER investigation. FROMOWITZ indicated that he had spoken to his Legal Division just this morning, however, was restricted from moving on the question of interviews until he receives an answer from his legal people.

FROMOWITZ indicated that he would recontact SA [REDACTED] as soon as a decision had been made regarding these interviews.

FROMOWITZ provided no additional pertinent information.

Investigation on 5/7/86 at Washington, D.C. WASHINGTON FIELD
File #211-7
by SA [REDACTED] TET:tmc Date dictated 5/7/86

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 5/7/86

On May 5, 1986, SAM FROMOWITZ, Deputy Director of the Office of Canadian Affairs, U.S. DEPARTMENT OF STATE, telephone 202-647-3135, was contacted by Special Agent (SA) [redacted]

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At the outset, SA [redacted] advised FROMOWITZ that at the request of the DEPARTMENT OF JUSTICE (DOJ), the FEDERAL BUREAU OF INVESTIGATION (FBI) was conducting an inquiry into allegations that former White House Deputy Chief of Staff, MICHAEL K. DEEVER, may have violated Conflict of Interest statutes under Title 18, U.S. Code, Section 207.

SA [redacted] advised FROMOWITZ that one of the areas of the FBI inquiry included Mr. DEEVER's involvement in the issue of U.S.-Canadian relations concerning acid-rain and his post-White House representations of Canada.

SA [redacted] advised FROMOWITZ it had come to the attention of the FBI that certain Canadian officials may have had contact with DEEVER on the acid-rain issue, and as such, may be pertinent to the investigation. In that regard, SA [redacted] advised FROMOWITZ that DOJ had requested that the following Canadian officials and/or citizens be interviewed by the FBI:

1. [redacted]
2. [redacted]
3. [redacted] for the acid-rain study;
4. [redacted] who served as part of the Canadian delegation to the Special Envoy on acid-rain.

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FROMOWITZ advised that similar requests had been received to interview certain Canadian officials from the General

Investigation on 5/5/86 at Washington, D.C. WASHINGTON FIELD File #211-7
by SA [redacted] TET:tmc Date dictated 5/6/86

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Continuation of FD-302 of SAM FROMOWITZ Page 2

Accounting Office (GAO) who is also conducting an investigation into the activities of MICHAEL DEEVER. FROMOWITZ noted the Canadians have publicly stated that they would not cooperate with the American Government on this investigation, and as such, would not permit interviews. FROMOWITZ advised that he did not know what position the Canadians would take on this issue because the DEPARTMENT OF STATE has never requested the Canadian's assistance in similar matters before. At this point, SA [] advised FROMOWITZ that it had been his experience in the past that often foreign governments will publicly take one position, however, will assume a totally different stance if assured the interviews can be done confidentially.

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FROMOWITZ advised that he would take the issue up with the proper authorities and would recontact the FBI at a later date.

FEDERAL BUREAU OF INVESTIGATION

1Date of transcription 5/8/86

On May 7, 1986, [redacted] Executive Office of the President, was telephonically contacted by Special Agent (SA) [redacted]. After identifying himself as a Special Agent with the FEDERAL BUREAU OF INVESTIGATION (FBI), SA [redacted] advised [redacted] that the FBI wanted to interview him in connection with an inquiry being conducted by the FBI regarding MICHAEL K. DEEVER. [redacted] advised SA [redacted] that he would be willing to meet with the FBI regarding this matter, however, he first wanted the FBI to clear the interview through the WHITE HOUSE General Counsel's Office. [redacted] indicated that should the General Counsel's Office provide a clearance for the interview, he could be available for an interview by the FBI on Thursday, May 8, 1986, at approximately 4 p.m.

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Investigation on 5/7/86 at Washington, D.C. Washington Field Office
by [redacted] File # 211-7
TET:cdd Date dictated 5/8/86

FEDERAL BUREAU OF INVESTIGATION

1Date of transcription 5/8/86

On May 7, 1986, Special Agent (SA) [redacted] telephonically contacted [redacted] Executive Office of the President. SA [redacted] advised [redacted] that he had earlier in the day contacted [redacted] and had requested an interview regarding the FBI inquiry into the DEEVER matter. SA [redacted] further advised [redacted] that [redacted] had referred SA [redacted] to the General Counsel's Office for clearance of the interview. At this point, SA [redacted] advised [redacted] that hereafter, he would contact the General Counsel's Office of the WHITE HOUSE with any request for an interview of any employee that fell within the domain of WHITE HOUSE authority. [redacted] agreed that that would be the appropriate procedure to follow at this time and advised SA [redacted] that he would recontact him in the near future regarding the request to interview COBB.

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Investigation on 5/7/86 at Washington, D.C. Washington Field Office
by [redacted] File # 211-7
TET:cdd Date dictated 5/8/86

FEDERAL BUREAU OF INVESTIGATION

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Date of transcription 5/12/86

[redacted] On May 5, 1986, [redacted] to United States Senator PATRICK J. LEAHY was twice telephonically contacted by SA [redacted] of the FBI, WASHINGTON FIELD OFFICE, Washington, D.C. concerning the possibility of interviewing the Senator regarding his knowledge of conflict of interest allegations concerning former Deputy Chief of Staff and Assistant to the President MICHAEL K. DEEVER, as stated in a letter to Attorney General EDWIN MEESE dated April 23, 1986. She advised that Senator LEAHY was in Vermont and would be returning to the office on May 6, 1986. She advised she would make him aware of the need for the FBI to interview him regarding this matter and would call back.

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[redacted] On May 6, 1986, [redacted] to Senator LEAHY was telephonically contacted by SA [redacted] and she advised that the Senator's schedule was full and she stated that the Senator had told her that he has no further information concerning allegations of conflict of interest regarding MICHAEL K. DEEVER and that all he knows regarding this matter is contained in the letter to Attorney General EDWIN MEESE dated April 23, 1986.

[redacted] was advised of the need for a personal interview and she advised she would call the FBI when the Senator would be available.

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Investigation on 5/5-6/86 at Washington, D.C. File # WF 211-7
by SA LAN [redacted] EAR:cdp/ldf Date dictated 5/7/86

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 5/12/86

[redacted] to the Honorable HOWARD M. METZENBAUM, U.S. Senator, Ohio, telephone number 224-2315, was contacted on May 5, 1986, by Special Agent (SA) [redacted] who identified himself as a SA of the FEDERAL BUREAU OF INVESTIGATION (FBI). [redacted] was advised by SA [redacted] that an inquiry of MICHAEL K. DEEVER was currently being conducted based on a letter of request to the U.S. Attorney General. As Senator METZENBAUM was a signatore to the letter, it was necessary to interview him to determine if he had any information which may assist the FBI in this matter. [redacted] advised he would brief the Senator and contact SA [redacted].

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On May 5, 1986, SA [redacted] re-contacted [redacted] who advised that he had briefed the Senator and that the Senator realized the importance of this matter and would schedule an interview within the next two days. No further contact with [redacted] was made after this call. No other attempts were made to contact Senator METZENBAUM.

Investigation on 5/5/86 at Washington, D.C. File# WFO 211-7
by SA [redacted] MFR:ldf Date dictated 5/5/86

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FEDERAL BUREAU OF INVESTIGATION

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Date of transcription May 9, 1986

On May 5, 1986, SA [redacted] of the FBI, WASHINGTON FIELD OFFICE, twice, telephonically contacted [redacted] to Senator ROBERT C. BYRD and advised her of the need for the FBI to interview the Senator regarding allegations of conflict of interest concerning former Deputy Chief of Staff and Assistant to the President MICHAEL K. DEEVER as mentioned in a letter signed by the Senator to Attorney General EDWIN MEESE dated April 23, 1986.

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She advised she would contact the Senator regarding this and would telephonically advise the FBI when the Senator would be available for interview.

On May 6, 1986, [redacted] to Senator BYRD was telephonically contacted by SA [redacted] of the FBI, WASHINGTON FIELD OFFICE regarding the need to interview the Senator regarding the above. She stated that the Senator was busy on the Senate floor and stated words to the effect "we can't jump through a hoop everytime someone wants to talk to the Senator." She advised she would contact the FBI when the Senator is free to arrange for an interview.

Investigation on 5/5-6/86 at Washington, D.C. File # WF 211-7

b6
b7C

EAR:cdp

Date dictated 5/7/86

FEDERAL BUREAU OF INVESTIGATION

1

DATE: 5/6/86

The Honorable United States [redacted]
[redacted] United States Senate, was contacted at the Dirksen Office Building, 2nd and C Streets, N.E., Washington, D.C. (WDC). He was advised of the identities of the interviewing agents and the nature of the interview:

[redacted] advised that based upon various reports in the news media, specifically the New York Times, he believes that MICHAEL K. DEEVER may be involved in some conflict of interest due to his access to the White House.

He advised that he has not had any contacts with any other agency, nor could he provide any other sources of information regarding this matter.

[redacted] added that he was not sure if Mr. DEEVER had violated any laws, but was certain Mr. DEEVER was operating in a "gray area" of the law. [redacted] further declared that he represented twelve million Americans from [redacted] and he cannot just walk into the White House and present their views while Mr. DEEVER can represent a foreign country and have daily access.

b6
b7C

[redacted] concluded by stating that the Senate Judiciary committee is sponsoring legislation to prevent this type of lobbying. [redacted] also advised he would re-contact the interviewing agents should he become aware of additional information concerning this matter.

Interview on 5/6/86 at Washington, D.C. File # 211-7

by SA [redacted] /ced b6 b7C
SA [redacted] Date dictated 5/6/86

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription May 7, 1986

On May 5, 1986, SA [] telephonically contacted [] GOVERNMENT ACCOUNTING OFFICE (GAO), Washington, D.C., telephone number []. At the outset, SA [] advised [] that at the request of the DEPARTMENT OF JUSTICE, Office of Public Integrity, they were investigating allegations of possible violations of federal criminal statutes by Mr. MICHAEL K. DEEVER. Such allegations, among others, include violations involving possible conflict of interest during Mr. DEEVER's employment as Deputy White House Chief of Staff, as well as in his business activities since he left government employment in May, 1985. SA [] advised that he was aware that the GAO was conducting a similar investigation and requested permission to review the GAO files regarding this investigation. [] stated that the GAO was ready to release a report and that she would have to check with her superiors before being able to release any information. [] then asked the name of the DEPARTMENT OF JUSTICE attorney handling this matter and was told it was []. [] said she would contact [] to discuss this matter further and then get back to SA [].

b6
b7C

On May 6, 1986, SA [] again contacted [] regarding access to the GAO files. [] advised that she had been discussing the matter with [] and that on Friday, May 9, 1986 the GAO was releasing an audit report on its findings and recommending that the matter be referred to the DEPARTMENT OF JUSTICE. [] advised that the FBI could have free access to the GAO files once the GAO report was made public.

b6
b7C

Investigation on 5/5/86-5/6/86 at Washington, D.C. File# 211-7

By SA [] DJM:cdp Date of dictation 5/7/86

b6
b7C

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription May 7, 1986

On May 5, 1986, SA [] telephonically contacted the office of Senator JOSEPH BIDEN, JR. (D-Del) Senate Russell Office Building (SROB), Room 489, Washington, D.C., telephone number 224-5042 and asked to speak with Senator BIDEN regarding a letter from the certain minority members of the Committee on the Judiciary of the United States (US) Senate of which he was one. The receptionist referred SA [] to [] Judiciary, U.S. Senate, telephone number []. At the outset, SA [] advised [] that he was calling in regard to a letter sent to Attorney General (AG) EDWIN MEESE, III dated April 23, 1986, by Senators ROBERT C. BYRD, PATRICK J. LEAHY, HOWARD M. METZENBAUM, and BIDEN requesting the DEPARTMENT OF JUSTICE to determine whether or not to apply for the appointment of an Independent Counsel to investigate allegations of possible violations of federal criminal statutes by Mr. MICHAEL K. DEEVER. SA [] advised that pursuant to this request he desired to interview Senator BIDEN for any additional information which he might have in this matter. At this point, [] asked if the FBI were conducting a preliminary investigation as defined by the Ethics in Government Act. SA [] advised that it was not at this point. [] then advised that Senator BIDEN was out of town and would not be back until May 6, 1986, but that she would check with the Senator and call SA [] back after 4:00 p.m.

On May 6, 1986, SA [] called Senator BIDEN's office to check on his request for interview. At that time, [] was not available and SA [] left a message to return his call.

On May 7, 1986, SA [] telephonically contacted [] at the Senate Judiciary Committee, telephone number []. At that time, [] stated that she was in the process of sending a letter to FBIHQ on behalf of all the Senators who signed the April 23, 1986 letter to A.G. MEESE and that the letter should answer all the questions the Bureau has. SA [] asked if that meant he should not try to contact Senator BIDEN again in this matter and [] said yes.

Investigation on 5/5-7/86 at Washington, D.C. File# 211-7

By SA []

DJM:cdp

Date dictated 5/7/86

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Field File No. 211-7

Serial # of Originating Document _____

OO and File No. FBIHQ

Date Received 5-7-86

From _____

(Name of Contributor) OMB

OEDB

(Address of Contributor)

WDC

(City and State)

By _____

(Name of Special Agent)

To Be Returned ☐ Yes ☒ No Receipt Given ☐ Yes ☒ No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure ☐ Yes ☒ No

Title: Michael K. Deaver
Former Deputy Chief of Staff
and Asst to President
EIGA of 1978, COZ OD: FBIHQ

Reference: _____
(Communication Enclosing Material)

Description: ☒ Original notes re interview of

Copy of notes provided
IC office via SA mt

b6
b7C

b6
b7C

5-7-86

Letters of transmittal furnished to
Danzon's Committee

Letter from Deaver dated Feb. 28,
with one page attachment with
questions. [redacted] wrote on it
to answer it,

b6
b7C

[redacted]

- Gen. Counsel
Crawford

4002 38th pl
Arlington, Va

610 W. 2nd Ave N.Y. permanent

OMB - Oct 8, 1985

FTC - General Counsel Oct 26-81

Oct 7 85

I saw advance schedule, meeting w/Deaver
on 2-27-86. Read Time w/Deaver
on cover. That evening called
[redacted] told him that Miller
was tentative to see Deaver.
Dictated memo to reflect that.
No legal problem.

b6
b7C

[redacted] and I talked about it
morning of meeting. Talked
to Politics of it. Deaver isn't
coming into, because he's a
good friend, don't make any
commitments.
Deaver came shook hands 25 min

[redacted]

[redacted]

[redacted]

talked about B-1 talked about
selling of budget Asked if sent
~~to~~ letter of questions. Do not
recall entry and exit of Joe Wright
Deaver said he represented Rockwell
B-1 vs Heath known as unknown
proven unknown. Jim switched
subject to selling budget.
Defense could get anything
HHS fraud. suspect.

Met Deaver once on Mar. 12, 1982
went to see fielding to
discuss role of indep reg
bodies and law which
affects this. During meeting
Deaver popped in.

No information regarding other
issues from Newspapers.

Utah Adm. Dec. surprised OMB
Deaver had anything to do
with it.

April 1, No telephone or written
communications
Conversation Evans Novack piece
in N.Y. Post. Deaver came to
me. Nov event didn't
do anything.

Field File No. 211-7

Serial # of Originating Document _____

OO and File No. FBIHQDate Received 5-7-86

From _____

(Name of Contributor)

Old Exec Off Bldg.

(Address of Contributor)

WDC

(City and State)

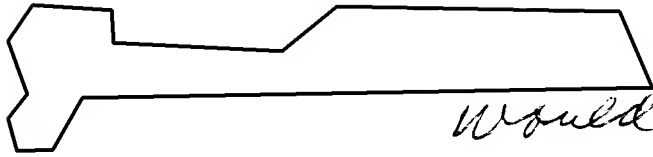
By _____

To Be Returned ☐ Yes ☒ No Receipt Given ☐ Yes ☒ NoGrand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules
of Criminal Procedure ☐ Yes ☒ NoTitle: Michael K. Deaver
Former Deputy Chief of Staff
and Asst to President
EIGA 1978 COI OO: FBIHQReference: _____
(Communication Enclosing Material)b6
b7CDescription: ☒ Original notes re interview ofCopy of notes provided
to SA [redacted], IC Office
10/9/87
mt

5-7-86

248

N



OMB -

would not see him again

b6
b7C

Meeting to place in office not specific
Deaver made appointment through
Sec. make appt. about B-1 Bomber

Appointment cancelled and he showed up
anyway and it was rescheduled
afternoon. Length of meeting was
3-3:30 PM started five minutes late
shot the breeze, took list of
questions B-1 is stealth not
answerable. Sent list with letter
I would look at questions.
and sent letter back.

I knew of Mike Deaver, know him
to see him but did not know
him personally.

IX saw Mike Deaver WH in
Roosevelt room. State of Union
Themes of State of Union and he
was there. State of Union message

What does President do dramatize or
be supportive of themes of State of
Union and the budget.

Not interviewed by any other Govt
Agency

[redacted] interviewed [redacted]

Don't let outsiders in and [redacted] has
be criticized for not overseeing the
defense budget. [redacted] was
counsel at FTC, [redacted] went over
every meeting so that I would
not be engaged in an ex parte
meeting.

Checked to see if [redacted] than to come
in called [redacted] office
and it was legally okay due to being
separate entity.

[redacted] few minutes

no record of meeting

[redacted] - Deaver

others at table.

Pitch - B-1 is a proven airplane
and stealth is unknown. B-1
lower price than stealth
unknown cost. 3. Technological
changes. SDI hypersonic plane
make current stealth obsolete.

List of questions - no specific price
question.

Purpose of meeting was to
get my interest to pursue matter.

2 Talked about publicity and
and being in Time Magazine

Why he wanted to see. talked about
ideas about selling Pres. Budget
low cost of plane that's why you
should be B-1

Thinks enemies want to stick it
to him. Extremely diff in govt
to make right choice, are you
creating problems. Under microscope,
perceptions of integrity in government
very important.

no discussion of any ^{other} issues.
other than B-1,

b6
b7c

I was told by not to discuss
with White House meeting w/ Deaver
as it would be violation of ethics
in Govt Act.

Smithbutt involvement nothing
anything else. P.R. haven't even
heard.

Operations that Peter Wallason
sent info to GAO re And Rain

No telephone conversation
can't remember when I talked
to him on phone.

Tel call 4 or 5 months ago can't recall
after departure. He was gone Oct 85
Energy + Nat Res. Appropriations Bill
fight with Jim McChes + Bob Byrd
regarding clean coal technology
which would related to Acid Rain
don't recall. No record of call.

Was fencing with Reporters as
to B-1 mission stealth.

No knowledge of that prior
to govt service. But did not
recall if he was working for
Rockwell

Important to preserve integrity
should penalize people.

Res.

3400 Oldway St. NW
20016

363-5371
8 years.

Director of OMB

Chairman FTC 6th + PA NW.

Relationship - No business dealings
with him. On Regulatory Relief
FTC independent Agency. No
direct contact w/ White House

Counsel to Counsel

Kennedy Center - Not socially,
Not in.

No other communications

Field File No. 211-7

Serial # of Originating Document _____

OO and File No. ~~FBI~~ FBIHQ

Date Received 5/7/86

From _____
(Name of Contributor)

(Address of Contributor)

By SA d State) _____
(Name of Special Agent)

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b7C

To Be Returned ☐ Yes ☐ No Receipt Given ☐ Yes ☐ No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules
of Criminal Procedure ☐ Yes ☐ No

Title: Michael K. Deaver; ETAL
EIGA of 1978;
OO: FBIHQ

Reference: _____
(Communication Enclosing Material)

Description: ☒ Original notes re interview of

telephone interview of on 5/7/86
Copy of notes provided
to SA FC office
10/9/87 mt

b6
b7C

City House - htl. bar

5/7/85

Level 1

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Field File No. 211-7

Serial # of Originating Document _____

OO and File No. FBIHQ

b6
b7C

Date Received 5-8-86

From _____

(Name of Contributor)

(Address of Contributor)

New York, N.Y.

b6
b7C

By _____

(Name of Special Agent)

To Be Returned ☐ Yes ☒ No Receipt Given ☐ Yes ☒ No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure ☐ Yes ☒ No

Title: Michael K. Deane
Former Deputy Chief of Staff
and Asst. TO President
EIGA of 1978, COI OO: FBIHQ

Reference: _____
(Communication Enclosing Material)

Description: ☒ Original notes re interview of

b6
b7C

Copy of notes provided
to SA [redacted] PC office
10/9/87 mt

to get involved in Presidential
Library. 10 mins Aug. 7th or
8th left
AR ~~don't know~~ Deaver just
met him at hotel.

Corporate Affairs for Amex-
American Express 50% share
Sgd in January works under
Linda Robinson.

AR - Look at AR as scientific
issue sulfites mixing with
Rain destroying lakes.
Pol. - Canadians ^{US} not taking
active role in cleanup.

No presence of M Deaver in
Acid Rain Issue. Never
came up as being pro or con
no force in issue

Never heard anyone else talk
about influence.

Hired - for his influence in
Canada.

No letters from M Deaver
regarding this.

5-8-86

Dont know Deaver, never met before
never spoke to him aware that
he was Deputy Chief of Staff.
Never at Oct 25 meeting

Canadians initiated. Envoy office
Deaver never called. Never to
spoke to his office..

Place & time convenient for Drew
Canadians - Andrea Bellenger in
Bill Davis office. Because he
had a conflict

Prior to Oct 85 In March Lewis
asked me to staff it for him
appointments, schedule meetings
Industry groups, Senators, ~~Advisors~~
Martin Smith is ~~State Dept~~ ^{Richardson} DSC
then interior now and. Marty Smith
got list of people to recontact
to make ~~dk~~ credible. Lewis
staffer for Drew.
Coordination thingy Greg had
very small,

Not Present when he had telephone
calls to Deaver.

Four Season Hotel in WDC
when Lewis and I for Acidrain
meeting with industry groups
and Lewis met with Deaver

Not involved in Envoy process

Heard about envoy process
escalation results should
come back from envoy
raise expectations. During
first briefing on March 21st.

state - support
OMB - not support budget
energy -



- 8 years
b6
b7C



Dir. of Corp Affairs
2 1/2 yrs.

Annex
Dir. of Corp Affairs
12 yrs.

Public affairs work, media strategies
that effect company, vote
increases.

Special Assistant to Special Envoy
end of March of 1985

2

Dont know if Deaver pushed for
Lewis

No other issues other than what
was read in the paper.

Andrea Bellonze, Amb. + Deaver
Bill Davis + Drew to find out
what Acid Rain was.

Played very high profile, any
meeting there in D.C. he
was there. Canadians didn't say
why he was present. Deaver should be
there and have meeting.
Could M.K. Deaver influence
Drew at all, not like a friend
very independent. ^{not} Automatically
preach party line just observations

Weren't aware of any help from
Canadians wasn't blatant

3 / Ontario, Canada

John Torrey - Darius Princip. Assist
George Rehjon - Dept for External
Affairs
Ottawa,

Andrea Belanger - Worked for EPA
married on
American
lives in Toronto, Canada

Did Bill Davis press and scheduling

Bill Davis. with John Torrey
law firm

Haven't heard from them.

No contacts with Deaver.

with regard to meeting. No prelim
report existed. No action
resulted from meeting. Head
Deaver reaffirms Canadian Problem

Felt Deaver must have had
some ^{influence} when Ervay was
appointed.

Report was released in
January 84 to avoid
conflict. - No influence.

got P. Call. in Pa. from Pres.
not exact date.

No meetings prior to summit

He was right hand man
I didn't know anything

Canadians would have
been happier with release
near summit.

Perception that influence
was not there.

Personal records maintained in your
office. WP which store in a
Disc. in your office, turned
over to by William Russo.

5/20/84
C1-2
C UNIT
GM-14
SSA
DN 5

Field File No. 211-7

Serial # of Originating Document _____

OO and File No. FBIHQ 211-25

Date Received _____

From _____
(Name of Contributor)

(Address of Contributor)

(City and State)

By SA's
(Name of Special Agent)

To Be Returned ☐ Yes ☐ No Receipt Given ☐ Yes ☐ No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure ☐ Yes ☐ No

Title: Michael K. Deaver; ET AL;
EIGA - COI
OO: FBIHQ

Reference: _____
(Communication Enclosing Material)

Description: ☒ Original notes re interview of on 5/16/86

*Copy of notes provided
to SA EC Office
10/9/87
mt*

b6
b7C

5-16-86
Jm/TET

(1)

10:45
@CSIS

1) gma mr to review for comments / or changes

Changes in 302 ^{T-2 STAVCK} modified - how
in See Brakers proposal

10:45 - 11:00
read stiment

out 11:25
of Jm

MCF "this is a very good portrayal of what I said"

in 302

after Tuttle told him about the three names
I came by his off. 3/11 to 16/86
closer to 11/84

when matter should heard 3 people
D - I can line up any of those
1st

T-2 still provided Tax break to

PVT investors ^{only} if invest
resulted in increasing P.R. ^{employment} ~~employment~~
thrust of T-2 ^{prop} to help unemployment in U.R.
rather than off shore investment
for just individuals

call re 936

T. 7

I opened conv. - gave his understanding of what the T-Dpt approach ^{was} to modification of 936 + he said that it will ^{remove} ^{incentives} ^{for} ^{investment} ^{development} a lot of the ^{incentives} ^{for} ^{investment} ^{development} reduce the cap. pool (\$) for projects elsewhere in C. - ^{MF} ^{perspective} that's true & that the N-Sy perspective was ^{not} served by leaving ^{leaving} 936 as it was ^{engo} fosteris eco develop in the area

D Did ^{NOT} ask when deciding or can you do anything about it ^{True}

Time
Time of call → A.M. ~ 10⁰⁰_A ^{knew this} ^{usually}
Back to Bridge ^{because he left}
to 5 notes from 7:30 to 10⁰⁰_A each day
Length - 2 min - 5 min

will ch a calendar this wk end

- ① ^{MF} ^{Did you} ^{anyone} tell anyone of call or take action on it?
② no don't think I did - because I hadn't been asked to do anything by ^{Don't. Then it} put out of my mind

936 handled by Policy Council / BAKER's at
issue handled by Econ. Council / Baker's Tres.
people chosen by Jim Baker - they'd
Baker, ~~MF~~, MF, Schmitt, Baldridge (Comm)
at that time → Block (Vegil), USTR (Brook) Chairman C of E. Horowitz
People Sprinkle (S Stockman) (on P)

MF needs some doc that C.P.C. prepared

in July/Aug 85

(3)

936 was not a burning issue for MCF
Tax Policy not big interest

^{Decision} ~~Decision~~ ^{NOT} probably already made by Baker. Regan
went in to Pres

Decision made probably by Baker, Regan up in 9/85

early 9/85 MCF Believed Baker dropped into M's office ^{said} ~~and~~ ^{MCF were}
B said "working hard on Tax Bill" re ~~Did you~~ ^{are} your
going to deal w/ 936 crisis?

D yes he was - ~~was~~ we really think
we need to ~~move~~ ^{move} away from complete
write off ~~to~~ ^{for} ~~to~~ ^{to} put investors to a
partial write off - labor interest, we
investment is what they wanted to keep

- no mention of D & all

D knew it was Reaction that anything had F.P. dimension
that MCF would comment on it, not see.
in his paper but M's pt of view
would be included

Why Did D know F.P.

~~NOT~~ F.P. ^{Mc} ^W ^{Carry} ^{Schultz}
Types

any casual observer would know
F.P. types financed any thing that stabilized
areas of the world - volume coming
unsubstantiated

Field File No. 211-7
Serial # of Originating Document _____
OO and File No. FBIHQ
Date Received 5-7-86
From [Redacted] OMB
(Name of Contributor) b6
OE OB b7C
(Address of Contributor)
W D C
(City and State)

By [Redacted]
(Name of Special Agent)

To Be Returned ☐ Yes ☒ No Receipt Given ☐ Yes ☒ No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure ☐ Yes ☒ No

Title: Michael K. Deaver
Former Deputy Chief of Staff
and Asst. to President
EIGA of 1978, COI OO: FBIHQ

Reference: _____
(Communication Enclosing Material)

Description: ☒ Original notes re interview of

[Redacted] b6
b7C
copy of notes provided
St [Redacted] 10/9/87
mt

[redacted] at Windows.

I was close to door

Deaver was across table

[redacted] at table but can't recall where
Don't remember Joe being there

In afternoon, don't recall date.

In calendar. Mid late March.

B-1, don't recall anyone
on B-1. How it's going, how to
sell it.

Deaver gave passed out Questions
whom is ~~acting~~ which Phil DeSaett
OMB Prog. Assoc Director Int. Affairs
Acting. Did not do anything
with them that I know.

Don't recall if I made contacts

consultant for Deaver.

Can't recall other comments.

other issues haven't heard about.

Heard rumors White House mess
re Andrii other allegation
from paper.

5-7-86

Meeting Re B-1 bomber, walked
in a little late, pleasant stage,
I went to meeting - Exec Ass. Dir. OMB
3rd ranking member, Approp. Bills
Cushman list in Nat. Sec. Area.

7115 Captains Cove Ct.
April 1983 Alexandria VA 971-4460

Don't recall meeting very well 395-3200
talked about B-1 Jim asked
him about selling Pres Budget 30 min.
In March, April 1981 - 3526 S. Stafford
Arlington, VA
B-1 is proven product proven
weapon and he left some questions
Does not know why he was here

b6
b7C

Re Memo - from [redacted] from [redacted]

Diane asked about B-1

[redacted] asked about Budget in General

first minute or two

Did not remember that Joe Wright
was there only there for few
minutes. Don't remember

first time I've been at meeting w/in
no telephone or communication contacts
Oct of 1981 - Director

Worked at FTC, Ran Bureau of
Consumer Protection for 4 years.
Taught law school, next 2 1/2 Ran Bureau
of Competition

2

[] sat at window Deaver other end
Deaver opened up meeting, []
didn't ask any questions. Nothing
beyond letter

[] through unknown channels
[] nothing
was no action was taken.

Deaver thought [] might
relay B-1 across the street
Plant in minds clients viewpoint

b6
b7C

Field File No. 211-7

Serial # of Originating Document _____

OO and File No. B4 211-25Date Received 5/12/81From [redacted] OMB

b6

b7C

old Exec. Office
(Address of Contributor)WDCBy [redacted]To Be Returned ☐ Yes ☒ No Receipt Given ☐ Yes ☒ NoGrand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure ☐ Yes ☒ NoTitle: Michael R. Deaver
Former Deputy Chief of Staff
and Asst. to Pres
Eisenhower, 1978, COINTELPROReference: _____
(Communication Enclosing Material)Description: ☐ Original notes re interview ofDocumentation re Deaver
meeting OMB

b6

b7C

Copy of documents
provided SA [redacted]
10/9/81 mlt

Field File No. 211-7

Serial # of Originating Document _____

OO and File No. FBIHQDate Received 5-7-86

From _____

(Name of Contributor)

(Address of Contributor)

Alex, Va

By _____

(Name of Special Agent)

To Be Returned ☐ Yes ☒ No Receipt Given ☐ Yes ☒ NoGrand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure ☐ Yes ☒ NoTitle: Michael K. Deane
Former Deputy Chief of Staff
AND ASST TO President
EIGA 1978-COI OO: FBIHQReference: _____
(Communication Enclosing Material)Description: ☒ Original notes re interview ofCopy of notes provided
SA IC office
10/9/87 mtb6
b7C

Involvement with [redacted] in 1-84
came on board for Campaign
Reagan Bush 84 Campaign through
11-84, employed with campaign.
[redacted] was [redacted].

b6
b7C

[redacted] Strategy targeting areas
of country to get word out,
[redacted] down in D.C. once or twice
a week, Dec. off California
Come back to Phila Jan 85
Warner Amerx.

Ash Pres. Dinner
Acid Rain Orig. conv. w/ks

Do not recall when Pres called D6
a Blue bell office. [redacted]

[redacted] work for [redacted] at DOT
Public relations worked. She works
at Warner Amerx. [redacted] asked her to
get involved. Handle more of
the coordinating aspect, detail
handling, not much about subject.
[redacted] tried to learn issue
side of it. [redacted] also

b6
b7C

was involved Warner Amerx
was part of Amerx. [redacted] stated
[redacted] were in favor
[redacted] Michael Dean ^{was} came up in process
as far as I know.

5-7-86

[Redacted]
Address: [Redacted] 6-29-62
[Redacted] P.O.B. - [Redacted]
[Redacted] Ph - [Redacted]

Resided since 12-85 Jan of 1985 - 12-15-85
150 W. Evergreen Ave, Apt M-4
Phila Delphra, Pa

D.C. held Address
July of 85 to 12/85
3600 38th St NW
WDC

two residences
employed by Warner-Amex and
traveled much between D.C. and Phila
Employment

Payroll W.A. Dec 85 - 4-1-86

to handle [Redacted] Political
affairs. Staff work, coordinating
projects. Had Ram suggest issues
Public relations, media work -

Warner Amex
5 Bentry Parkway West
Blue Bell, PA 215-834-7150

b6
b7C

b6
b7C

5/7/86

²/ March 1 to 2 Days before summit

[] was told he would get
call from Deaver or Regan about going
to Canada w/ Pres. Mulroney
in March 1985 (did to believe.)

Same day
Following this Dan called Mike Deaver
about not going to Canada
Mike said don't have to go.
We'll announce you in Canada
State + EPA will contact so you
can get into the scene.

b6
b7C

[] handed actual date of meetings
First Meeting of whole issue ^{to Deaver} at house
with at this Jack Shan, Dir Policy at WH, David Stockman
OMB Director, Bill Russo, Linda Robinson
Stapins, State Dept people Martin CNR
Craig at WH in Policy, now at Interior Dept,
assigned as our guy to work through AGO Re
First meeting to work out details, staffing,
space. ^{EPA off} David Chu works with Dan Regan
these individuals. Documented in book
Dan Linn, others from State not
Richard. Security matters, Office
Space. Organizational. No one insisted
about WH office. Set up office
in WH house for phone calls. No need
for space, work out of our office
in Blue Hills N.Y. Lee Thomas ask
meeting.

After this session walked to Soalm off
W. W. or WH. Bill, Brenda, Stevens.
Lewie, Soalm, Stockman, Lee Thomas,
one other unknown indiv. Director, EPA
Discussed that Stockman stated no
money in budget for issue. Stockman
against envoy process, possibly against
Dun's involvement because of his
independence. Envoy for 1 year.
Each individual gave perception on
issue. Soalm - WH position
Attitude AR issue research Scientists
could not agree what it is, damage
occurred. Many opinion as to solution
Lee Thomas gave history of problem
briefing on AR. and given brief
books. Marty WY was also there,
and would be working with us.
No contacts with Dealey at this
point.

Went back to Rhela to work on envoy
Worked with individuals, business,
special interest groups.
Warty Smith - reported to Whouse, watchdog
for Whouse.
Dun Lewis wanted recognition of problem
Stevens or Lewis did not know
anything about Acid Rain.
Bry issue in Canada for Mulroney
who might lose election.
wanted to help Canada.
Lewie appreciated for his ability
to negotiate

3/- When - does not recall.

September 1985 R.R. Presid. Foundation

Meetings between [redacted] + Mike Deaver

that I was present at, were about
Presidential Library, National Airport
Buttle Aviation. Myself, Deaver,

[redacted] Staff of Ragon
Foundation in WDC, Robert Strauss,
Co-Chairman of Exec Committee
Library & Public Affairs Center at Stanford
5 hr. fly speaking about library
meeting, listed about hour, strategy
session who to get involved.
No mention of Acid Rain. Mike Deaver
& I had private conversation
which was not heard. I walked
out with Strauss. Flew down
from Philadelphia. Meeting
occurred before Deaver left.

Deaver sat in on Acid Rain. I don't
know what he knows about Acid Rain.
No one at Deaver's office who worked
at WH who knows about Acid Rain.

Prior to Deaver's depart from WH
heard about potential threat CBS
and Japanese account. No knowledge
of Deaver's dealings with Canada

b6
b7c

Deaver never attended AB meeting, first contact.

Any meetings w/ Drew were w/ Deaver off and only regarding Presidential Library.

Don't know anything or heard anything about Oct 85 meeting.

Don't know if Deaver wanted [redacted] hired.

Maybe Deaver not overly helpful to [redacted] Deaver would not want [redacted].

After he left w/ Deaver's relationship is / Dr got better because of Canadian client

From Sept on main interest is in library.

Know of phone conversation between [redacted] and [redacted] towards summit. for Drafting ind report, but don't know of conversations.

No written communications between Deaver and DM.

b6
b7C

4

b6
b7C

everyone meeting would have
been there

3 meetings in his office
coincided with WH event for
library. Have recruiting people
meetings occurred around 9am

all meetings occurred at consulting
firm in Georgetown.

Telephone conversations - don't recall
when acid rain was a total
hushhell.

No personal relationship w/ Deane

Feb 19 86 12/85

Meeting in N.Y. Link's Club
in N.Y. Den's Club Denver.
was there again - same indiv.
to no personal friendship
business Assoc.

No knowledge of that Deane wanted
[redacted] as a way.

b6
b7C

Acid rain - Release of chemicals
from industrial plants into
precipitation (rains very) acidic
damage to environment
political issue between U.S. and
Canada. Canada thought U.S.
is not doing enough; Legis
back to 1972 re Air
Preserving funds flow problem
North Volume of emissions
is so many times higher
High P.M. Compromise to address
problem and help Mulroney
not without

Employed Work with [redacted]
Not on payroll
Chairman of Dinner
annual dinner
Fundraising event.
Volunteer with Drews Pol. Affairs

President's Dinner
Nat Rep. Cong. Comm
Sen. Comm.
1101 17th St NW
Suite 208
654-1771

b6
b7c

no information re B-1 Bomber or Jim
Miller

[redacted] ^{going to} work for Deaver ^{work} for Mike
[redacted]

Deaver will work on Olympics Korea
don't know anything about Korea

moving offices to Wash. Harbor

b6
b7C

Field File No. 211-71

Serial # of Originating Document _____

OO and File No. FBIHQ

Date Received 5/7/86

From _____
(Name of Contributor)

(Address of Contributor) b6
b7C

(City and State)
By SA [redacted]
(Name of Special Agent)

To Be Returned ☐ Yes ☐ No Receipt Given ☐ Yes ☐ No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules
of Criminal Procedure ☐ Yes ☐ No

Title: Michael K. Denver, et al;
cc: FBIHQ

Reference: _____
(Communication Enclosing Material)

Description: ☒ Original notes re interview of
[redacted] 5/7/86

*Copy of notes provided
SA [redacted] IC office
10/9/87 nt*

b6
b7C

SA-



5/7/86 - 13966ptm

ap - to get down, this man
can't answer the question
of when he was in
the room for this

There ~~agreed~~ indicated
that he was in the
room when the
subject was

Field File No. 211-7

Serial # of Originating Document _____

OO and File No. FBIHQ 211-25

Date Received _____

From Secretary James A. Baker, III

(Name of Contributor)

15th & Pennsylvania Ave., N.W.

b6

Washington, D.C.

b7C

(City and State)

By SAs

(Name of Special Agent)

To Be Returned ☐ Yes ☒ No Receipt Given ☐ Yes ☒ NoGrand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure ☐ Yes ☐ NoTitle: Michael K. Deaver, ET AL;
EIGA - COIReference: _____
(Communication Enclosing Material)Description: ☐ Original notes re interview of _____

b6

b7C

Document dated 5/20/86 - reflecting
dates & Attendees of meetings w/ Sec. BAKER
re Section 936 (Puerto Rico).

Copy of ~~note~~
document provided
SA 5/29/86
[Signature]

Field File No. 211-7

Serial # of Originating Document _____

OO and File No. FBIHQ 211-25

Date Received _____

From _____
(Name of Contributor)

b6

b7C

(Address of Contributor)

By SA: [Redacted] [Redacted]
(Name of Special Agent)

To Be Returned ☐ Yes ☐ No Receipt Given ☐ Yes ☐ No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure ☐ Yes ☐ No

Title: Michael K. Deaver; ETAL;
EIGA-COI;
OO: FBIHQ

Reference: _____
(Communication Enclosing Material)

Description: ☒ Original notes re interview of

b6

b7C

[Redacted]

ON 5/21/86

Copy of notes to [Redacted] 10/7/87
SA [Redacted] wk

b6
b7C

2378 No. Quincy, Ast. Va 22207

Responsibility - monetary. I don't see taking care
of phone calls + ~~of daily~~ correspondence +
monitoring the paper flow

Pages that comes thru David Chen come
in folder colored - that tell what
it is, ie phone calls, issue

Chew to K.O. to Pres. - K.O. dead
only if P^r can't see today then send
back

B. D. M. didn't need to go thru

Policy issues all went thru

Staff Sec to Pres. M. D. B. could have taken one but they wd also drop a copy of

Exemption - usually back thru channel
 $P \rightarrow KO \rightarrow DARRMA$ etc
sometimes P wd give to an Asst.

Cover slip on Pos. Paper listing
where each agency ~~is~~ stood
this is kept of document
names people by name not just
agency - (Agency heads that are
involved in issue) - This on issue
related papers

Recade when they stand year a new

P sometimes wants to discuss, never
just signs, needs all, other time

sometimes this is just a ^{formal} signing
because he has already discussed -
other times he can feel he needs
to discuss it further

official business copies of all correspondence
kept in Central files

B. H. Henley - Had 6 Records Mgmt.

Letter - f

Bill S. Hman brought her draft of letter <sup>on typed
envelope
in
central
files</sup>
asked if K.O. could type it on
Pres letter head + Pres to sign

~~Make Bill~~

Bill not cleared in to see her must
have been in U. W. of D.

D.S. any job to type ~~head~~ and have P
sign.

Not familiar w/ D.C. Comm on B.B so called
Fred Fielding read let to him asked if
any prob. of this (K.O. not sure w/ D.C. Comm
was)

D correspondence usually to go directly to P.

F.F said ok K.O. typed the sent to
Ann Higgins ^{Director} correspondence to proof
typed; had signed + then sent to Ann Higgins

no recall of Cmt of Pres when she brought
it in; mentions that Bill S. Hman brought it

Believed
occurred
on draft of
letter
11/6/85

D looked at it signed it & P cannot tell
he loves baseball

- no indication that P talked to D about

Assumption - if B.S. was ^{here} then D was
probably in W.W. &

Doir recall B.S. coming over alone
sally B.S. that she talked to

D no role while W.H. being
active proponent of baseball

No knowledge of D talk to P re Baseball

Since D left W.H. K.O. can't recall
him in to see the Pres.

- Probably sees P. socially

M. D. B usually went to see P together
rare that only one wd be in alone

been here 1 yr

Jim Kuhn personal aide to Pres (Special Asst to Pres)

K.O. makes up his or monitors the daily Sch
Shadow of Pres - he goes everywhere w/ P

Fischer

David ~~Fischer~~ - previously - now w/

~~still~~ employed John Huntsman Corp Salt Lake

started
work in 76

- when someone is for the
usually Sr Staff member in w/ P. (also C of S)
D seldom involved in these type mtgs
not involved w/ crime
- K.O. wd go to D w/ minor problem
re scheduling
 - no record of subject discussed usually
in diary
 - ~~on some occasions if known~~ if known
before hand what he is going thru the
subject matter is listed
 - Sr Staff usual Chf of Staff decide
if there is change of sch.

B-1 - NO

Rep of Am of S.K.
K.K.
ICHAIE
DAEWOO

P.R.

CHANDRA
A.R. S.E.

D before or After
no knowledge of
D's participation

no knowledge of D
negotiating w/ anyone before
he left

met over route for 800-10
for R.

$$S \text{ stop} \approx 8-9$$

$$\Delta \approx 8-9^{\circ}$$

$$NSC ADV \approx 9^{\circ} - 10^{\circ}$$

and Δ

5/21/86

b6
b7C

[REDACTED]
[REDACTED]
employed since 10/81

Repair: monitoring body safety - monitoring paper flow, for planned all S & correspondence to Pres.

over 100 letters per day, not specifically for me or COB & given out only by Pres to long time friends

Things that come to KO from Pres - came in different color folders. Noted a discrepancy as applied to hunting

Normally paper flow would come from Pres to KO to Pres - from Pres back to KO

Three exceptions to rule

Normally M-B-D were very good about following system of sending paper

Patricia Menendez usually has cover sheet w/ Agency heads involved in the issue w/

✓ Many times this is just a formality - and Pres just needs to sign because he has already decided

- All correspondence - official business - ~~copy~~
is maintained in central files
✓ Biff Henley head of ~~top~~ Records - Mgt

Roseball

✓ Bill Sitlway brought KO a typed rough draft - which would be in central files

✓ Sitlway asks: if there would be any problem if typed up & got Pres. signature.

✓ KO just looked at schedule because when Pres was going to be in office very

✓ KO called Fred Fulking & asked read letter to him because when 41 Bureau put out DC Roseball commission was & want to know if problem. No concern about D car hitting at

✓ Fulking indicated no problem

✓ KO can't be sure just because this occurred on May comm slip 11/6/55

✓ After this conversation - KO typed letter - set to down how Pres signed it

- KO assumed that perhaps Sullivan was w/D at WH
- KO never discuss letter w/D
- KO not aware of any role by Dan Pres re baseball while it is in w
- KO not aware that D spoke directly to Pres about baseball
- Usually M-B-D went into see Pres together rarely saw Pres alone

KO maintain Pres daily schedule -
 [redacted] Personal aide to Pres & Special As
 to Pres. [redacted] KO wife together, are maintaining
 daily schedule. Kylan like a shadow - goes
 everywhere w/ Pres. [redacted]
 for [redacted] was [redacted]
 now employer - John Huntsman Corp -
 Salt Lake City, Utah

D seldom involved in making things comfortable for RR

- B-1 - not knowledgeable
- Kooner not knowledgeable
- PR - not knowledgeable

b6
b7C

930/4 ^{briefs}

NSC making Pair Dexter,

~~occasionally attached~~

Field File No. 211-7

Serial # of Originating Document _____

OO and File No. BU 211-25

b6
b7C

Date Received 5-8-86

From _____

(Address of Contributor)
N.Y. N.Y.

By _____

To Be Returned ☐ Yes ☒ No Receipt Given ☐ Yes ☒ No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure ☐ Yes ☒ No

Title: Michael K. Deaver
Former Deputy Chief of Staff,
Assistant to the President
EIGA 1978 COI OO BU

Reference: _____
(Communication Enclosing Material)

Description: ☐ Original notes re interview of

ACID-RAIN ACTIVITY
DIARY provided by

b6
b7C

Copy of diary provided SA
IT office 10/9/85 mt

Field File No. 211-7
Serial # of Originating Document _____
OO and File No. FBIHQ; Bu-211-25
Date Received _____
From _____
(Name of Contributor)

(Address of Contributor)

b6
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(City and State)

By SA's
(Name of Special Agent)

To Be Returned ☐ Yes ☒ No Receipt Given ☐ Yes ☒ No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules
of Criminal Procedure ☐ Yes ☐ No

Title: Michael K. Deaver, ETAL;
EIGA-COI
OO: FBIHQ

Reference: _____
(Communication Enclosing Material)

b6
b7C

Description: ☒ Original notes re interview of

on 5/9/6

6/8
rec'd
to
of
OIC

2:55

5/9/86

①

DJ
nothing after left W.H.

only R.R. issue had dealing w/ D.

S.S. left 8/85 from W.H.

① Media/Pres - R² personal schedule - heavily involved
in sched. - R²'s Log

- Passive role in Policy Mtg. - only concerned
w/ how to play in media -
Cabinet Council Mtg. - sub group - below Cab. issue
oriented made up of fewer people concerned w/ issue

D "ALMOST
never said anything in policy mtg"
Harden AD HSC

Involvement in Personnel ^{selection} for W.H.

Mess/Denard Baker et al main players on Denard;
Pres. ^{identical} Appointee

②

^{SAW Denard}
Denard every day - ^{NOT TO TALK substance of the} not to have discussion - just be w/ him
around the W.H.

Smartin^D attended Mtg of Cong leadership ^{outside} or outside
groups i.e. Bankers, Agriculture,

^{Met}
D. Baker - Mess. Pres - Every AM 9:00-9:15 being
Pres up to speed this was before the

Every day 8:00 in Staff Mtg. Baker provided outline
^{original v. little}

- D. orig. very little paper

Denard H/ side to Baker - controlled flow of paper
into Pres - not unilateral tho.; others ~~not~~
... heads a hand. - never raised him legislative to

A.R.

(3)

Hist.

Environmental issues

1 of many ~~Environmental issues~~Cabinet Council on Resource issues
CABINET COUNCIL ON NAT'L ResourcesDec. mah. forum in WH.
DECISION MAKING FORUM- settled disputes
between 1st EPA / OMB
agencies. eg

Until Spring of 1983

re A.R. EPA no action
OMB NAT'L ACTION

- agreement against A.R. action

Rushkoff wanted to reopen (Reed. EPA) after hercock

Fall 83 thru early 84 - big debate

Reed wanted ^{WANTED} jockeying ~~moderation~~ moderation as A.R.
D.S. otherwise, someSpring 84 decided for Admin (Cabinet Council)
D.S. position wonSub Committee of Cabinet - Depending on area is ^{natl} resource

- D not involved in reconsideration debate
- doubt that D even attended any of these mtgs ^{at all}
- not a big issue then - so D not interested
- only interest if issue became front page
and needed to be managed
- no recollection of D interest

3-85 A.R. issue raised again

Trigger caused to be open was C. Summit

- entirely initiated on C. side

WHO? whoever was doing summit ^{PLANNING} for C'side
no names known

D involved at least because show was event.

Strong pressure to get out of Summit
some kind of gesture showing sympathy by
U.S. on A.R. control issue by C's
- Very insistent on this
late Feb early Mar 85

b6
b7C

[redacted] handled pre summit prep @ St.
^{worked closely with}
~~handled~~ up close by D. group who
handled travel + press coverage; logistics
Bis media events - Press travel

Denver Group included: → People under him is
ADVANCE people
Secret Service
publicity etc

the summit → St. = substance
Logistics + Media Events = Denver

C's wanted movement on A.R. so could
go in Communique @ End of Summit

C's desire required a change of policy
St. pushed hard: because wanted good rel'n w/ C's
Domestic side: EPA OMB were more concerned
w/ the substance of A.R. because it
impacted on domestic issues directly

b6
b7C

→ 1st week March 1985 (7th Formal Mtg of Rebirth
of A.R. issue)
Sat. Am. in W. at Basehart
Schultz, Bunt, MCF, D.S., Kerchuk house (EPA
[redacted] - Can't remember if I ~~thought~~ ^{THINK} ~~don't~~ think so
MCF may have presided

exact
date not
recalled

REBIRTH
of A.R.
issue
DOUBT he was then
could have
been the

this Mtg showed A.R. moved from Domestic
to now F.P. issue

modification
R. Burt pro modification of U.S. policy
ST said need something to satisfy C's
D.S. anti any change
- nothing resolved - no decision & this mtg
F.P. side ^{LEANDER} learned R. No defender
Foreign policy & Schmitz, - MEF, - Burt
Ruckelshaus
Assumed R. there

- Summit
Summit short & week away and there was a
Deadlock on ST's, P's & M's; couldn't
review substance ^{4 A.R.} in so short a time
- Decided to create a process to postpone
a decision - decided to create S.E. which
could be played both ways - didn't
have to say we were changing our position

D.S. knew that S.E. process was code
word for changing the ^{policy} ~~policy~~ ultimately

D.S. was mostly concerned of Budget @ this
^{POINT} ~~point~~ ^{pt}; poor recollection of the issues forward

From ^{there} on ^{constant} little mtgs in W.H.

3 STAGES

- ① D.S. lost S.E. position very quickly
- ② Charter of S.E.

(6)

- Someone under Brant wanted a position paper to establish S.E.
- D's recollection re days & when issue handled
 - D was involved - ~~so~~ saw draft charter - ^{no} ~~specific~~

D's only involvement was to wanted successful summit
- Didn't care about A.R. - wanted smooth Summit

D.S. ~~He didn't~~ get "don't think you can say he was involved w/ substance" of A.R. issue
- D took pos that ^{resolved} that ~~was~~ ^{would} be ^{minimally} minimally ~~satisfactory~~ satisfactory to C's

D.S. No direct recollection of Mtg w/ D about it

~~to~~ D wanted to get issue resolved so he could orchestrate a successful summit

D.S. Don't know who picked D.L. suspect that D. had input - no first hand knowledge

AMB pushed people ^{duty change} head on A.R.

recalled that one day staff person @ AMB talk him. D.L. was S.E.

- AMB submitted names as prospective S.E.s

believes NSC/ST / + D (all part that went to summit)
had ~~some~~ something to do w/ it i.e. Lewis being S.E.

Check this tel call log for calls from D

(7)

- Correspondence on A.R. - Didn't take any for OMB
Don't recall any correspondence to D.
- issue fast moving - people talked ~~just~~
done orally
 - if there were correspondence might be @ OMB
D.S. doesn't have any tho.

After Summit -

- Shortly after S.E. ^{named} mtg in SVATHN office
- ~~Don't~~ Don't policy to W.H.
SVATHN, + staff. D.S. Drew Levin
discuss
 - what are you going to do now you're named
 - D.S. called mtg to advise D.L. what
our policy had been
 - D.S. had clear impression that
D.L.'s character was to make a compromise
 - 1 hr mtg in length
 - could talk D.L. not on D.S.
 - D not there to D.S.
 - D.L. conveyed that his job was to
work out compromise - didn't say
~~exact~~ words tho.

D's A.R. involvement was on account of his
duties - when it became hot he became interested

- D contact of C's - no direct or 2nd hand
knowledge - ~~totally~~ totally likely that he could
have... tho

4:19

(8)

Regan 2/85 became chief of staff
Devin out 5/85

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b7C

[redacted] (Ph)

may have been reported by Khe Jamin to GSA / W.H.
invest.

Remark - word came of Smith that I concerned
about A.R. because he was going to
rep C's when he left govt
- no basis or evidence to support this
- didn't recall where he heard it: @ W.H. lots of rumors

NSC mtg's in B-1 D attend some - no input
did for informational reasons

Budget Decision mtg @ end of Budget process
- final arguments - every yr argument about
Defense
- D never said anything - just there to
keep up w/ issue
- looked at as possible issue to be managed

No recollection of D ever uttering word at these
budget mtgs

~~D.S. [unclear] in a sec~~

4:28 PM

5/9/86

Orlando, Florida

b6
b7C

[Redacted]

Salomon

BROS., 1 New York Plaza, NY

✓ Residence Greenwich Conn.

- Deaver not involved in policy in any way.
- ✓ - Deaver not involved in policy in any way, but involved in public relations aspect - and some control over his schedule
- ✓ - Deaver not involved in policy meetings - but maintained presence existing on various other groups that met w/ Pres. & his attendance was very ad hoc. D was ^{usually} involved in personnel selection process - a group of inner players - Meese, Baker; D that select
- ✓ - D, said D partially involved in various meetings such as Congressional leadership, that D sometimes visited, other meetings involving outside groups
- ✓ - Deaver, Meese & Baker met w/ Deaver Oval Office to discuss days activities of Pres
- ✓ - Deaver originated very little paper -
- ✓ - Dick LARMAN was Baker's #1 aide and was in charge of correspondence ^{some} transition w/ B, M, D & NSC D would decide what correspondence would go to the Pres

Acid Rain

→ subcommittee on Environment

Stockman

✓ There was numerous meetings of Cabinet Council
Pope sat in on couple

✓ By end of this process - It was agreed the
Administration would stand fast ~~on~~ no AR policy
reaffirmed

Stockman seriously doubted - that D attended

✓ These ^{meeting & AR issue} were technical & was ^{not} public issue at that
time

✓ The issue never raised again until 3/85 -
the Ottawa Summit in 3/85 caused the AR issue
to be raised.

~~The Summit~~

In process of normal of preparation for Summit -
the Canadians pushed hard to revive the AR issue

✓ Stockman doesn't know who specifically was
"front man" for Canadians. (Cp. ordered some
kind of go home from U.S. including some kind
of withdrawal - of some commitment paper with
and could be included in a campaign at end of Summit
Rick Burt - USOS was part of

✓ USOS - handling all pre Summit preparation - in
close touch with Le Deau

✓ USOS had influence in Ottawa Summit

- ✓ - what Canadians wanted signed a change of policy
- ✓ USDS - took position. Didn't want AR to become issue to main summit. USDS therefore modified position

- 1st week of March
- the first formal meeting that ^{John} Stokeman
 - McFar - Stokeman - Smith - Runkle - Burt - OARMAN
 - ✓ - Occupied in Situation Room, WH, Stokeman's meetings were prohibited by McFar - Stokeman can't recall D being there

- This meeting indicated that AR issue would
- ✓ foreign policy issue & ^{as well as} not of domestic & economic

Shirley McFar Burt did change for negotiations that would show a understanding by U.S. & have this

- ✓ successful summit
- ✓ Stokeman took charge
- ✓ No discussion was made at the meeting - Stokeman
- ✓ In his idea of a survey was discussed
- ✓ It was felt that SE could be played both ways - it did require a special arrangement - that
- ✓ Policy was going to change on some hard core information that US was working to solve problem

✓ From this meeting - there was constant series of phone calls & meetings re SE

✓ Within matter of days - SE was decided on.

✓ A week or so after first meeting - I got

✓ Every morning at WH - Senior Staff Working at 800A

within not couples → Stokeman brought AR issue up & obviously opposed the SE & the AR

✓ the immediate response from R on Reagan said this was sensitive issue & wasn't discussed in this meeting

Regular period of announcements
meetings would be in Roosevelt Room at 800

- ✓ 1) Regan
- 2) Deane
- 3) Casper
- 4) Public Affairs

a group of ^{approx} 25 people

- 5) Chief of Staff
- 6) V.P. Office
- 7) CEA
- 8) OMB
- 9) NSC
- 10) various other WH
key staffers

✓ what followed was that all the meetings thereafter
was announced down to smaller

✓ this meeting was first "hard evidence" that started
process of D in document in AR.

✓ The issue became what would become charter of AR
2) who would give away his & how would he be held

✓ These 2 issues dominated the ad hoc discuss in with
private to President.

There was alot of draft ~~charter~~ circulating around
about AR
✓ mostly USDS. someone under that was

state conditions that D's only involvement was
✓ that he would a successful Summit & this was a
condition for it

✓ D never got involved in substantive issues
of drafting the charter

D took position that he ~~couldn't~~ wanted a
declaration that would be mutually satisfactory
✓ to Canada & would further the cause for a
successful Summit

- ✓ No direct recollection of meeting w/D directly about this issue
- But since he was Summit participant - & what Stoltz remembers was D instructing Stoltz to vote and an agreement w/ USDS on this issue
- ✓ Stoltz does not know directly who was responsible for collecting Special Envoy -
- Stoltz was not involved in selecting Stoltz believed D - NSC - & USDS must have been involved in this decision

Stoltz Clark has told logs re contacts from D on AP - & there was none - May or calendar

Since time limit - very little paper generated - mostly oral

Post Summit -

there was meeting in Jack Svahn's office Stoltz, Svahn & couple staff guy & Drew Lewis. Stoltz called meeting - because he wanted to make an effort to perhaps convince SE that not good policy & make sure Lewis understood this issue. Stoltz came across as / unimpressed that Lewis had been told to come away from Canadian w/ compromise

✓ D was there non meeting was his name mentioned

Although totally possible that D as part of his duties: ... which

✓ Stolt has no knowledge that I had recruited anyone at WH re old rain since leaving his post

Stolt left WH on 8/1/85

✓ During Baker era it was generally assumed that Neuse Baker: I was almost equal in influence & authority. Stolt not aware of my role that I would have assumed chief of staff w/ Reagan away

✓ most Not Security issues went to Pres

✓ Domestic policy issues went

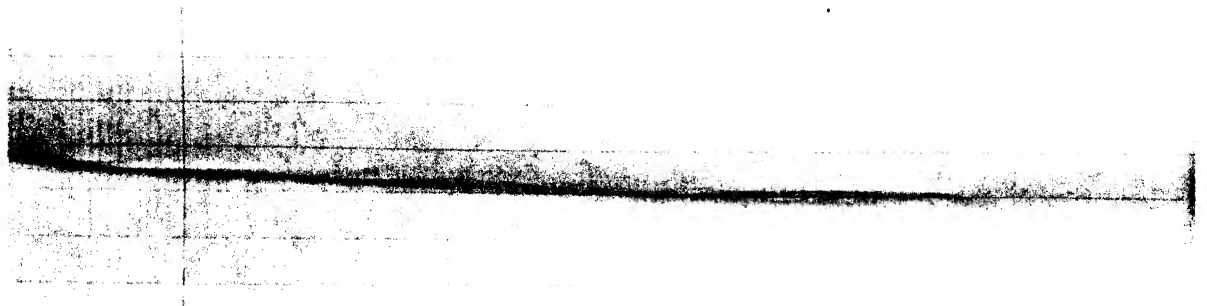
I not in "policy flow" of process

✓ In early Nov 85 - there was rumor floating around that I had cut a deal to w/ Canadians to represent Canadians

As general meeting attended but as study
D. then attended Defence over with him as per
- ~~Letter attended~~ Budget decision something
because it was important issue
B-1 was probably

if D there was then it was substantial part
D there more for information than decision making

✓ Gypsy's Fortune Showing clients how
to make capital



Field File No. 211-7

Serial # of Originating Document _____

OO and File No. Bureau

Date Received 5-6-85

From _____

(Name of Contributor)

U.S. Senate

(Address of Contributor)

WDC

By _____

(Name of Special Agent)

To Be Returned ☐ Yes ☒ No Receipt Given ☐ Yes ☒ No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure ☐ Yes ☒ No

Title: Michael K. Deaver
Former Deputy Chief of Staff
& Asst. to President
EIGA of 1978 - COI

Reference: _____
(Communication Enclosing Material)

Description: ☒ Original notes re interview of

Senator Leahy

b6
b7C

5/6/25

will call back

No information
not reported in
Executive Head used water paper
Hest. the paper

b6
b7C

b6
b7CField File No. 211-7

Serial # of Originating Document _____

OO and File No. BureauDate Received 5-6-85

From _____

(Name of Contributor)

U.S. Senate

(Address of Contributor)

WDC

By _____

(Name of Special Agent)

To Be Returned ☐ Yes ☒ No Receipt Given ☐ Yes ☒ NoGrand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules
of Criminal Procedure ☐ Yes ☒ NoTitle: Michael K. Deaver
Former Dept. Chief of Staff
+ Asst to Pres
EIGA of 1978-COI
OO FBIHQReference: _____
(Communication Enclosing Material)Description: ☒ Original notes re interview ofExec. Asst to Sen. Robt Byrdb6
b7C

Video, etc
Executive Assistant to
Senator Robert Byrd

b6
b7C

Senator is busy on the floor
she advised words to the
effect that we can't jump through
a hoop everytime someone wants
to talk to Senator. She advised
she would call when Senator is
free to arrange an interview.
until we hear from

Field File No. 211-7

Serial # of Originating Document _____

OO and File No. Bureau

Date Received 5-7-86

From DJMT
(Name of Contributor)

b6

b7C

(Address of Contributor)

By [Redacted]
(Name of Special Agent)

To Be Returned ☐ Yes ☒ No Receipt Given ☐ Yes ☒ No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure ☐ Yes ☒ No

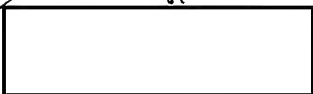
Title: Michael K. Deaver
Ethics in Government Act
Conflict of Interest
OO: FBIHQ

Reference: _____
(Communication Enclosing Material)

Description: ☒ Original notes re interview of
[Redacted]

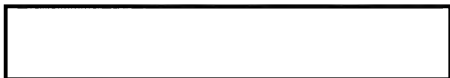
b6
b7C

2:01 ^{5/5/86}



— This week report to come out

wanted to call



b6
b7C

MEMORANDUM
OF CALL

Previous editions usable

TO: [REDACTED]

☐ YOU WERE CALLED BY [REDACTED] ☒ YOU WERE VISITED BY [REDACTED]

OF (Organization) [REDACTED]

☐ PLEASE PHONE [REDACTED] ☐ ETS ☐ AUTOVON [REDACTED]

☐ WILL CALL AGAIN ☐ IS WAITING TO SEE YOU

☐ RETURNED YOUR CALL ☐ WISHES AN APPOINTMENT

MESSAGE

Re: Michael Weaver
7/6 Audit Report + Report to Def
on 5-9-86
See documents for

RECEIVED BY [REDACTED] DATE *5/5* TIME [REDACTED]

63-110 NSN 7540-00-634-4018 STANDARD FORM 63 (Rev. 8-81)
Prescribed by GSA
FPMR (41 CFR) 101-11.6

b6
b7c

copies of all interviews
filing for Foreign Agents

white letter

newspapers

free to Kominar
all documents

Field File No. 211-7

Serial # of Originating Document _____

OO and File No. FBIHQ

Date Received 5-9-86

From _____

(Name of Contributor)

b6

4th + 6 St NW

b7C

(Address of Contributor)

WDC

By _____

To Be Returned ☐ Yes ☒ No Receipt Given ☐ Yes ☒ No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure ☐ Yes ☒ No

Title: Michael K. Deary
Former Deputy Chief of Staff
and Asst to President
EIGA 1978 - COI OO: FBIHQ

Reference: _____
(Communication Enclosing Material)

b6

b7C

Description: ☐ Original notes re interview of

9-86

[redacted]
Deputy Ethics Official GAO 4th & GSt NW
List of enclosures from
a referral letter GAO.

Having hearings Dingells subcommittee
on Oversight and Invest. on
House Energy and commerce committee
includes legal analysis

b6
b7C

[redacted]
Deaver testifying on 16th - closed session
Mike Barrett -
in Omaha - Staff Dir

Video tapes

[redacted]
Staff

Briefing Book from campaign
for Canadians
Security - NSC - info.

Field File No. 211-7

Serial # of Originating Document _____

OO and File No. Bu 211-25Date Received 5-9-86

From _____

(Name of Contributor)

4+ GST NW WDC

(Address of Contributor)

WDC

By _____

(Name of Special Agent)

To Be Returned ☐ Yes ☒ No Receipt Given ☐ Yes ☒ NoGrand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure ☐ Yes ☒ NoTitle: Michael K. Deaver
Former Deputy Chief of Staff,
Asst to the President
EIGA of 1978 COI OO: BuReference: _____
(Communication Enclosing Material)Description: ☐ Original notes re interview ofGAO investigative
Report provided
by _____b6
b7Cb6
b7C

Field File No. 211-7
Serial # of Originating Document _____
OO and File No. Bureau
Date Received 5-6-86
From Sen Paul Simon
(Name of Contributor)

(Address of Contributor)
Wash. D.C.
By
(Name of Special Agent)

b6
b7C

To Be Returned ☐ Yes ☒ No Receipt Given ☐ Yes ☒ No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules
of Criminal Procedure ☐ Yes ☒ No

Title: Michael K. Deaver
Ethics in Gov't Act 1978
Conflict of Interest
OO: FBIHQ

Reference: _____
(Communication Enclosing Material)

Description: ☒ Original notes re interview of

Sen Paul Simon
Duksen Senate Office
Bldg. WDC.

Sen Paul Simon Senate office Bldg

Don't appear to know any more than
re media.

No other contacts w/ than media
gray area probably, less gray

No other individuals.

Sen Thurmond's staff - Chairman Jud.
Committee

Read in New York Times - papers

Can take foreign Courts
gray area

(ramification of law

Thurmond Staff might know something

724 - 7137

Field File No. 211-7
Serial # of Originating Document _____ b6
b7C

OO and File No. Bureau

Date Received 5-7-86

From SA [redacted]
(Name of Contributor)

(Address of Contributor)

By SA [redacted]
(Name of Special Agent)

To Be Returned ☐ Yes ☒ No Receipt Given ☐ Yes ☒ No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules
of Criminal Procedure ☐ Yes ☒ No

Title: Michael K. Denver
Ethics in Govt Mat 1975
Conflicting Interest
OO: FBIHQ

b6
b7C

Reference: _____
(Communication Enclosing Material)

Description: ☒ Original notes re interview of
[redacted] + contact
w/ Sen. B Joseph Biden's office
5/5-6-7/86

5-6-86

b6
b7C

[redacted]
[redacted]
[redacted] Judging Minority

Call
to Bude
Sec
Office

Appt. Sec
Receptionist

8

[redacted] Reinterview
advised that she gave my
request of interview (5/5) to
Appt Sec Mouammar Baker

AA TED KAUFMAN A.4

224- 5042

or
Report me

D.J asked me to look into

30 min - depending on

b6

b7C

out of town til 5/6/86
C.L. will call back

Spoken in English 1955
L. 5000

11:00A

30 min

Staff Trust
for Network/ L&S
of Judiciary

302
Done
5-7-86
AM

Staff of Int.

~~use us~~
We

5-7-86



b6
b7C

Process in sending letter down to the
Pm on behalf of all the Jews who
should and all our questions

5/5/86

LT 1000



b6
b7C

Staff Director for Minority Side the
of Judiciary Committee

or Biden's Staff will check

at Senate and call back after

4:00p 5/5/86

5/11/86
JFK
JFK
JFK

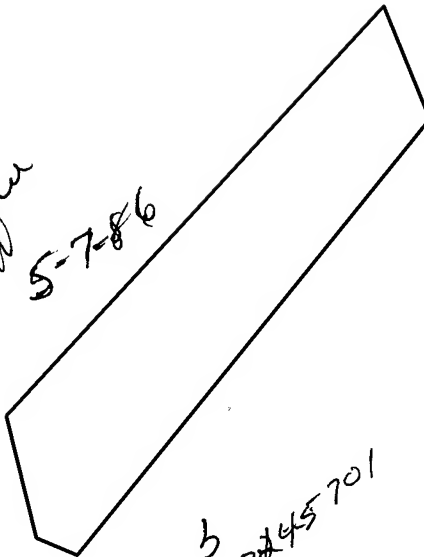
224-5042

5701
Placard tomorrow

Discuss Will call
tomorrow

5-6-86
Luther not avail.
mess left.

5-
Biden's office
5-7-86



b6
b7C

3 2045701

Field File No. 211-7

Serial # of Originating Document _____

OO and File No. FBIHQ 211-25

Date Received 5/16/86

From [Redacted]
(Name of Contributor)

C/O [Redacted]
(Address of Contributor)

White House - Washington D.C.

By SA's [Redacted]
(Name of Special Agent)

To Be Returned ☐ Yes ☒ No Receipt Given ☐ Yes ☒ No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure ☐ Yes ☐ No

Title: Michael K. Deaver; ETAL;
EIGA - COI

Reference: _____
(Communication Enclosing Material)

Description: ☐ Original notes re interview of

Routing slip from [Redacted] to [Redacted]
dated 11-6-85 w/Attached letter from President
Reagan to Peter Ueberroth on 11-6-85.

b6
b7C

THE WHITE HOUSE
WASHINGTON

TO:

FROM:

b6
b7C

DATE: 11-6-85

This is a rush -- I need to get it to MKD today. I went by their draft (any problem with capitalizing Nation's?) and I had to catch RR to sign when I could -- he's now gone for the day. FYI, F. Fielding is aware of this.

Thanks. Please return and I will get to Mike Deaver.

359543

4690

4900

PR01476

FB-114

R2001

PR0146

November 6, 1985

Dear Peter:

I welcome the prospect of baseball returning to Washington and look forward to a tradition which has long been absent from this city -- the Presidential privilege of throwing out the first ball.

In its efforts to bring baseball back to the Nation's Capital, the D.C. Commission on Baseball has my support all the way to Opening Day, 1987.

Sincerely,

Ronald Reagan

Mr. Peter V. Ueberroth
Commissioner
Major League Baseball
350 Park Avenue
New York, New York 10022

me 5/16/85
5/16/85
me 5/16/85

Field File No. 211-7

Serial # of Originating Document _____

OO and File No. FBIHQ 211-25

Date Received 5-8-81

From _____

(Name of Contributor)

Warner Communications

(Address of Contributor)

25 Rockefeller Plaza, N.Y., N.Y.

B. _____

(Name of Special Agent)

To Be Returned ☐ Yes ☒ No Receipt Given ☐ Yes ☒ No

Grand Jury Material - Disseminate Only Pursuant to Rule 6(e), Federal Rules of Criminal Procedure ☐ Yes ☒ No

Title: Michael K. Deaver
Former Deputy Chief of Staff
and Asst to President.
ELGA 1978-COI OO: FBIHQ

Reference: _____
(Communication Enclosing Material)

Description: ☒ Original notes re interview of

One copy of these notes provided

to SA

b6
b7C

3

Didn't try to affect the report
don't really know if he tried

Didn't see any evd of Deaver helping

~~Don't~~ Have not been present
when Deaver might have called.

5-2-86

b6
b7c

75 Rockefeller Plaza, N.Y.N.Y.

641 5th Ave 40D official
N.Y.

54 Lismore Ln
Greenwich Conn.

Warner Comm. - 1983 Senior VP Corp Affairs
Trans. - Div Public Affairs

W.K. Deaver know him in Calif.
in 1970's old friend Assoc. Reagan
know him during Campaign. Involved
in Repub Politics in Calif. See him
at Official functions Casual Acquaintance
No conversation w/ Deaver with Acid
Rain Only time at River Club
Bill Davis Canadian Envoy organized
meeting. I don't know if he was
involved but Deaver might have
contact

Fr Durette - Brian M. H. / Don Kellogg
W.K. Deaver

Gottlieb - Amb

Bill Davis - Drew Canadian Envoy
Andrea Bellanger - Asst. to Bill Davis
myself
Drew Lewis -

2 parts 2 meeting.

To Discuss AR - US vs Canadian Pos,
Discuss Drew part ^{What we learned, politics} substance, joint Rep
what could be done. Canadians want
more vegetation session.

Turning when Report should be
released. End of year or Jan
because her moved to U.P. ^{interest in AR. Against mt of up.} ~~because they have~~
Urge her to hold till summit

M Deaver - move up summit

Do it early - Canadians didn't
agree. Canadians wanted meeting
up. Thought summit could
be moved up.

Help move summit up.

My Role - Deputy on Project, Discussion
Projects.
Drew Discussed first part, 1 part.
in 2nd part.

2/

Breakfast meeting 7-8:30
Hour + 1/2 half

Canadian ambassador wanted all these things. A.R. Trans boundary issue
Regulatory reform

AK knowledge Problem -
Clean Bill, on dollar a year program
for five years. Gottlieb want
reg. reform. Daves point of view.

AK Deaver - don't remember anything
if he said anything 1st part.

AK Deaver was not part of any meeting
could not influence. To my
knowledge only attended this
meeting for A.R.

Drew was dominant figure at the
meeting.

Believed hired by Canadians
to veges. some help with
White House.

Did not know much about A.R.,
Deaver did not influence
the meeting at all.

He may have had them with AK
but I don't.

Had tremendous resistance w/

Round table discussion. Lewis is
very independent.

Stockman and Drew Lewis
went head to head and beat him
didn't buckle under.

Meetings at WH w/ RR Deaver
never there

Run into him at parties
didn't really involve him
industry
Congress WH
Money problem OMB consensus

No written ~~correspondence~~ telephone calls.

Don't know who picked Lewis
heard that Mike pushed for Lewis
or envoy.

When Drew was appointed heard
that Lewis was best man
for job. First meeting at WH
headed from enough people
Stockman asked for Ed Harper.
don't recall who, State Department
meeting



LINDA GOSDEN ROBINSON
Senior Vice President, Corporate Affairs
Warner Cable Communications Inc.
75 Rockefeller Plaza
New York, N.Y. 10019
(212) 484-6794

Linda Gosden Robinson is Senior Vice President, Corporate Affairs, of Warner Cable Communications Inc., the sixth largest operator of cable television systems in the United States, with 1.2 million subscribers. Warner Cable is a wholly-owned subsidiary of Warner Communications Inc.

Ms. Gosden Robinson, who joined Warner Cable (then Warner Amex Cable Communications) in 1983 as part of a management turn-around team, is responsible for Government Affairs and Public Affairs. She is also a key advisor to the Chief Executive Officer and a member of the Operations Committee, the senior policy-making body of the company. In these capacities, she plays a leading role in developing as well as implementing policy for the corporation and its operating divisions.

As head of Corporate Affairs, she formulates company policy on all regulatory and legislative issues bearing on cable television and guides company efforts to effect national policy on these issues. Most recently, she spearheaded the company's effort to secure passage of federal cable legislation -- the first national cable television policy -- which replaces a multiplicity of regulatory approaches at the municipal level and provides for the deregulation of basic service rates by 1987 in markets where there is effective competition.

In addition, she has responsibility for the renegotiation or sale of cable franchises, the negotiation of rate increases and franchise renewals, and, in general, for establishing a favorable climate for operations in the more than 100 communities served by the company.

She also is responsible for the formulation and implementation of the company's public relations and public affairs policies and programs.

In a period of months prior to joining Warner Cable, Ms. Gosden Robinson was a government affairs advisor in the Washington law firm of Heron, Burchette, Ruckert and Rothwell, where she represented personal clients and major corporate clients of the law firm in the areas of government relations and public relations.

Previously, from 1981 to 1983, she was Director of Public Affairs for the U.S. Department of Transportation under Secretary of Transportation Drew Lewis. Ms. Gosden Robinson served as chief public spokesperson for the Department and its seven operating administrations -- the Federal Aviation Administration, Federal Highway Administration, Urban Mass Transportation Administration, National Highway Traffic Safety Administration, U.S. Coast Guard, Maritime Administration, and Federal Railroad Administration.

She was also principal staff advisor to the Secretary and Deputy Secretary for promoting public understanding of transportation programs and issues. Major public affairs responsibilities included the 1982 air traffic controllers strike, passage by Congress of a 5-cent gas tax, negotiation of the agreement for Japanese voluntary import quotas on automobiles, and resolution of a railroad engineers' strike.

During 1979 and 1980, Ms. Gosden Robinson served first as Deputy Press Secretary to President Reagan during his campaign and subsequently as Director of Public Relations of the Republican National Committee and Press Secretary to former Senator William E. Brock, National Committee Chairman.

Ms. Gosden Robinson also served, from 1985 to 1986, as Deputy to the Special Envoy of the President to Canada for Acid Rain. In that capacity, she developed and coordinated domestic and international strategies to move the Envoy process forward and directed preparation of the final report, issued in January 1986.

She is a member of the State/Local Government Committee of the National Cable Television Association; a charter member of High Priority, a cancer research organization, and a director of the Coro Foundation, a public affairs educational and research organization.

Ms. Gosden Robinson was graduated summa cum laude and Phi Beta Kappa from the University of Southern California with a B.A. degree in psychology.

Ms. Gosden Robinson was born January 10, 1953, and she is married to James D. Robinson III, Chairman and Chief Executive Officer of American Express Company.

###

March 1986